The National Underwriter A WEEKLY NEWSPAPER OF INSURANCE

THURSDAY, DECEMBER 17, 1931
In Two Parts Part One

'Most cherished among the gifts bestowed by the passing year is the memory of the pleasant relations with those whom we have been privileged to serve and on behalf of our entire organization we extend cordial Christmas Greetings and best wishes for the New Year."



American Indemnity Company

Galveston

December, Nineteen Hundred and Thirty-One

Before the New Year starts—make sure your customers have all the property insurance they need

Every business house—manufacturer, distributor, retailer; every property owner—landlord or tenant—needs several forms of property insurance. First comes fire; but there are other policies of equal importance. Now, when they are laying plans for the next year, is an ideal period to check over your clients' insurance policies. Make sure they have every kind of protection they need, and in the right amounts.



GENERAL COVER is a new form of fire insurance that insures contents at several locations for amounts which automatically follow fluctuations of values. If your customer's group of locations is eligible, this is the broadest, most satisfactory and most economical form obtainable.



USE and OCCUPANCY insurance reimburses owners for net income cut off by fire, and is recommended by bankers. Unit cost is lower than "straight" fire insurance, and coverage should appeal to all shrewd business men.



LEASEHOLD INTEREST exists when lessee's rental value exceeds rental paid. A clause usually exists in leases providing for cancellation in event of partial destruction. So lessees having leasehold interest should protect this asset with leasehold insurance.



FIRE insurance is an integral unit of the business structure—its necessity is axiomatic. Therefore, as an insurance specialist, you can fit policies just as the tailor fits garments. "Misfit" insurance policies are not good investments either for the assured, the agent, or the company.



OCEAN MARINE insurance covers every type of overseas export.



INLAND MARINE insurance covers chattels moving over land or inland waters, whether it's a million dollar machinery shipment, goods on trucks or personal baggage.



RENT ceases when property is ruined by fire. With Rent Insurance, rentals continue until all the necessary repairs can be made.



MULTI-RISK DWELLING COVER

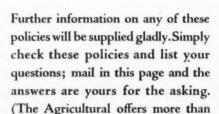
is a new contract for attachment to fire insurance policies to extend them to protect against damage from windstorm, explosion, hail, motor vehicle, aircraft and riot. Cost of these extra coverages is considerably less than the cost of separate policies for each! Offers you good profits in return for progressive service to clients.



TORNADO, including all types of windstorm, is one hazard not susceptible of removal or reduction. Yet it may devastate a city in a few terrible moments, and government records show few sections immune. The cost of Tornado Insurance is low.



AUTOMOBILE insurance is written covering cars against fire, theft, collision—and to pay claims which may arise as a result of a car damaging the property of others. Owners of fleets receive special ratings.



twenty property insurance policies.)



SPRINKLER LEAKAGE insurance covers water damage to goods, wrought by accidental discharge from the sprinkler system caused other than as result of fire, wind, explosion or earthquake. Tanks occasionally collapse—sprinkler heads are frequently knocked off.



PARCEL POST insurance is the most satisfactory method of protecting manufacturers' and retailers' shipments. Its advanvantages include—a convenient record in own office—elimination of "red tape" in adjustments—no time lost waiting in line at post office—and frequently a decreased cost.





AIRCRAFT hurtling thru skies at high speeds, occasionally "crack up," not always on open ground. An aircraft damage policy will pay for repairs if one comes thru the roof. (Are you near an airport?)

The Officers, Directors and Personnel of the Independence Indemnity Company extend the Season's Greetings to Agents, Brokers, Policyholders and other friends and wish them

A Merry Christmas and A Happy New Year



INDEPENDENCE INDEMNITY COMPANY

J. HORACE SHALE, President

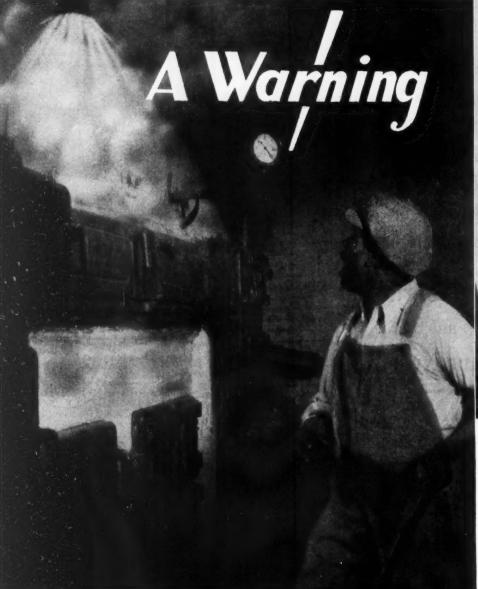
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LOW PRESSURE STEAM BOILERS
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THE FIDELITY AND CASUALTY COMPANY ERNEST STURM, Chairman of the Board

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NIAGARA FIRE INSURANCE COMPANY
MARYLAND INSURANCE COMPANY OF DELAWARE

New York, N.Y.

NEW YORK.

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The National Underwriter

Shirty-Fifth Year No. 51

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, DECEMBER 17, 1931

\$4.00 Per Year, 20 Cents a Copy

Country Seeking Rightful Levels

Keenest Observers See in Present Situation Temporary Economic Overbalance

STUDY LESSONS OF PAST

Economic and Industrial History Would Be Enlightening Subject to Pursue at This Time

NEW YORK, Dec. 16 .- One of the great life insurance presidents in the course of conversation said: "It should be compulsory for every man, woman and child to read the economic and industrial history of the United States.' This statement was prompted by an inquiry directed to him as to whether in his opinion, the present business stagnation is more or less a temporary condition, or does it mark a radical change in the economic and political life of the nation. Walter Lippman, well known writer, in an editorial in one of the daily papers criticized the administration in Washington for regarding the situation Washington for regarding the situation in which the country finds itself today as a passing one which would right itself in due season, and not possessing the knowledge and imagination to observe the fact that the United States, and in fact the entire world, is at the parting of the ways and an entirely different scene will be presented involving changes of yast magnitude. changes of vast magnitude.

Pointed to Present Effects

This president, who all his life has been a careful student of economics, industry, finance and business, declared that Mr. Lippman had reached his conclusion from false premises and spoke without authority. He said that all the clusion from talse premises and spoke without authority. He said that all the conditions preceding this day of economic disaster pointed directly to the consequences that have befallen us. The course of events, he declared, was perfectly natural and logical.

As students of economics view the present situation, they find that the country has passed through similar courses in the past and then righted itself. The very fact that production

itself. The very fact that production was rampant and speculation was more universal and more aggressive than ever before, that the very fundamentals of business were not observed—all this naturally led to a violent reaction.

Lessons from the Past

Attention was called to the fact that in one of the previous panics when the United States had a population of 39,000,000 there were 3,000,000 out of employment, and banks were failing on every hand. In the panic following 1839 759 out of the 840 banks in existence suspended. The panic of 1873 was one of the severest that has ever swept one of the severest that has ever swept the country. Three-fourths of the rail-roads were placed in the hands of re-

(CONTINUED ON PAGE 14)

Dunham Relaxes Stand on Security Valuations

HARTFORD, Dec. 16.—Although the fulfilment of their own definite statutory obligation."

He has, however, reiterated that he of June 30, in valuing their securities under the Connecticut law, Commissioner Dunham has clarified his stand in the matter and brought out several points not stressed before.

Col. Dunham said he recognizes the possibility that conditions may be such Dec. 31 that it would be impossible to file a statement of "true condition" as of that date. In order to determine this it will be necessary to await developments on that day.

ments on that day.

He adds, however, that he has no legal right to authorize the companies to file statements using mandatory dates, such as June 30, which date was recommended for use by the National Convention of Insurance Commissioners in New York last week.

Statutory Duty

"I do not believe," Col. Dunham said, "that the people of Connecticut desire the insurance commissioner to assume to be above the law but are satisfied that he shall perform his statutory duty of seeing that the laws respecting insurance companies are faithfully executed." Concerning the licensing of companies

in Connecticut Col. Dunham points out that the financial statement of any comthat the mancial statement of any company is not the only factor involved in determining whether permission to operate shall be granted. "It must not be forgotten," he said, "that while requirements as to financial reports are determined by laws which are not subject to the discretion of the commissioner his action in granting or refussioner, his action in granting or refus-ing a license to any company to do business in Connecticut is not conclusively determined by a technical dependence on the figures in its financial statement. He is expected to act in this matter upon a consideration of all fac-tors legitimately affecting a rational practical judgment in the premises. For example, he may, and should, take into consideration, assets not admitted for the purpose of the financial report which, nevertheless, have real, though more or less, uncertain value. On the other hand, in judging whether a com-pany can be expected to keep on meet-ing its obligations and contracts he will ing its obligations and contracts he will not rely explicitly on the figures of a financial report but will analyze as a practical business man the whole finan-cial structure of the company."

Will Use Judgment

It was freely predicted in New York last week and also in Hartford, that Commissioner Dunham's stand under the state law would force many companies out of Connecticut but it is now hown that Col. Dunham will apply pressure only where it is needed. By the use of discretion regarding licenses Col. Dunham will be able to aid many companies, fundamentally sound, to pull through the present crisis.

through the present crisis.

Col. Dunham states that he has not stood for any "definite figures of valuation because it would be as yet premature to do so" and that he has not "fixed any figure of valuation of any security to be used by Connecticut companies in

the fulliliment of their own definite stat-utory obligation."

He has, however, reiterated that he cannot, under law allow the use of June 30 figures. These prices, incidentally, he says were higher than average for the year and much higher than the average prices of the last six months.

Why Not June 30, 1929?

"If the reporting officers of insurance companies," he said, "can be justified in companies," he said, "can be justified in throwing overboard all considerations legitimately bearing on the determina-tion of the values of securities at the date of the financial statement, and may lawfully substitute arbitrarily for prices thus properly determined, quotations of June 30, 1931, why stop there? Why not take prices of June 30, 1929?"

Col. Dunham rapped the stand of the committee on valuations, asserting they committee on valuations, asserting they failed to consider the most significant prices of all, namely those of October, November and December of the present year. He denies that a true report of values of securities will cause their sacrifice at current low levels and states this argument to be "devoid of logical force"

logical force."

The responsibility of the success or failure of a company Col. Dunham places squarely upon the shoulders of the executives. He states his office has only enforcement of law and that as long as companies do not violate law "the officers and directors of such com-panies are solely responsible for the success or failure of their great institu-

Opinion Has Changed

Hartford companies are vitally interested in Commissioner Dunham's stand. When he first announced his intention to demand Dec. 31 figures he was sup-ported publicly by many leading executives including the presidents of four fire companies here. Changed condihre companies here. Changed condi-tions, however, since September, have been recognized by some of their lead-ers and it has become known that there has been a complete reversal of opinhas been a complete reversal of opinion by some executives so that they now stand against Col. Dunham instead of in support. For the companies who have "paid more attention to Wall street than to underwriting," they have no sympathy but they feel that cooperation should be extended to companies "fundamentally sound" which find themselves in an embarrassing situation through no fault of their own. through no fault of their own.

Besides the opposition now rife in the fire companies it is known that life com-panies also object to the stand. The president of one life company, in par-ticular, has never been in favor of the Dec. 31 ruling.

Appeal Is Considered

But there has been no solution to the problem proposed except the general and rather broad hope that a more lib-eral interpretation of the statute be

It is known that one company discussed the possibility of carrying the case, through the governor, to the attorney-general of the state. Commis-

To Discuss Issue with State Men

Overlapping of Coverage Comes Up with the New York Department

TRY TO REACH AN ACCORD

Committees Have Been at Work in Effort to Iron Out Some Difficulties

NEW YORK, Dec. 16 .- Sub-committees from special committees of fire, marine and casualty companies appointed some weeks ago, will meet jointly with officials of the insurance department here Friday in a further effort to reach an accord as to the particular types of business each class of carriers may properly seek, without encroaching upon the preserves of the others. The gathering, originally scheduled to take place Dec. 11, was post-poned a week at the request of the underwriters, who desired additional time within which to formulate a pro-

Different Interests Hold Meeting

Meetings of the different interests have taken place from time to time re-cently and several joint sessions have been held at which a measure of prog-ress was made. It is anticipated that still further advancement will result from the conference on Friday. Should the underwriters agree upon a clear definition as to the classes of risks each be allowed to write, such information will be of considerable service to the department, which will then determine to what extent such definitions comply with the insurance laws.

Clash of Interest Provocative

The clash of interest as concerns the fire, marine and casualty companies, which has produced no little ill feeling, dates back some seven years, when complaint was made by fire men on the Pacific Coast as to the inroads made on their business by the marine companies, or by certain fire companies maintaining marine branches. Within a few months marine branches. Within a few months similar complaints were voiced by the fire underwriters of the central west and again from those along the Atlantic sea-board. The marine offices in their eagerness for additional premium in-come rapidly extended their activities into all parts of the country. Sharp warning against what was held to be improper practices was given by J. A. Beha, then superintendent of New York, in 1925. Similar caution was given by his successor, Albert Conway, two years later, by which time the marine men had not only cut into what the fire men held was their especial field, but over-lapped into coverages upon classes of risks long regarded as exclusively

(CONTINUED ON PAGE 14)

DETAILS ARE MADE KNOWN

The 230 Companies Affiliated with Chicago Board Are Invited to Participate

The 230 companies affiliated with the Chicago Board have now been officially presented with a detailed statement of the plan of operation of the World's Fair Underwriting Association and are requested to execute powers of attorney they desire entering this pool for the writing of property of a Century of Progress to be held in Chicago in 1933. The pool is open to subscriptions from all companies affiliated with the Chicago Board.

The pool will cover all of the buildings now constructed or in course of construction or hereafter to be constructed and owned by the Century of Progress corporation. The insurance Progress corporation. The insurance also covers furniture and fixtures and contents belonging to Century of Progress, not exceeding 5 percent of the to-tal amount of insurance. It is probable, according to the announcement, that later the pool will cover exhibits which are the property of exhibitors under separate policies, if requested, although it seems probable that much of this coverage may be written through inland marine departments.

Plans Not Completed

Companies are advised that complete final plans for the development of the fair's construction have not been made. These decisions are being reached as Therefore, the companies are not supplied with a complete list of all the buildings which are to be hereafter constructed, nor are they shown the loca-tion of such risks on the plat.

The attorneys reserve the right to readjust the percentages designated by

readjust the percentages designated by the companies so as to equal 100 percent. No subscription for less than one-fourth of 1 percent will be accepted. The form under which the insurance is to be written covers all buildings and contents, as outlined, under a combined fire and tornado policy, subject to the 80 percent contribution and pro rata distribution clauses. The limitation of loss provides that no one company shall loss provides that no one company shall be liable for more than its agreed percentage of the limit of \$1,500,000 for any one building and contents.

Other Insurance

Insurance covering exhibits for others would be in addition to this limit. reduced sliding scale of values and amount of insurance begins with June 30, 1933, and terminates with Dec. 31, 1933. While the insurance at the beginning is to be written for a year it necessarily will be renewed and upon

renewal these reductions will apply.

The average rate for the form under existing conditions will be \$3.84 for the two year term for the combined insurance. The pool, however, is under agreement with the insured to reduce the rate to \$2.88 for the term from the date upon which complete and adequate public and private protection satisfactory to the attorneys is furnished. The rates are also based upon future construction being not inferior to the general type of incombustible construction which is outlined in the report of the engineering department, and in particular subject to extraord the terms. ular are subject to agreement that no additional buildings such as the Hall of Science will be constructed.

It is estimated that the maximum amount of value on buildings, and furniture and fixtures, exclusive of exhibits belonging to others, may approximate \$20,000,000 and that the total amount of insurance under this form may reach the sum of \$16,000,000.

(CONTINUED ON PAGE 14)

Shallcross Prominent in Fire Underwriting



CECIL F. SHALLCROSS

C. F. Shallcross, United States manager of the North British & Mercantile, whose unanimous election as president of the Eastern Underwriters Associaor the Eastern Underwriters Associa-tion was among the important happen-ings in underwriting circles in New York City last week, has long been an outstanding figure among fire company executives. His understanding of the business, broad vision, power of analybusiness, broad vision, power of analysis and diplomatic manner mark him as one well fitted to cope with association problems. Hence the frequency with which he has been called upon to serve as an official of many of the governing fire bodies. At one time he held membership on no less than 17 committees of different interpretations of the property of different insurance associations, giving conscientiously of his time and talent to each. One of the youngest, if not the youngest, man ever to receive a managerial appointment in fire insur-ance circles, he was but 27 years of age when he was transferred by the Royal from its Calcutta office to assume the direction of its New York department in 1900. He was advanced to United States attorney in 1919. Shortly thereafter he became United States manager of the North British & Mercantile fleet, the success of which has been constant.

Companies Expect Sympathy When 1931 Figures Are Out

Consolation Found in Fact Public, Legislators, Officials May Be More Tolerant With Afflictions Revealed

NEW YORK, Dec. 16.—Some consolation for the downward trend of the security market, is found by executives in the thought that knowledge of existing conditions is likely to make insur-ance commissioners, legislators and public more considerate in their attitude

public more considerate in their attitude toward the companies henceforward.

When final figures for 1931 are available, and the heavy shrinkages in net surplus accounts the majority are expected to show revealed, it will be impressed upon legislators and assured that the great fund accumulations of that the great fund accumulations of the insurance companies are none too

the insurance companies are none too large to guarantee the sanctity of their contract obligations, and any added expense placed upon them through taxation might be perilous.

In contrast to banking and other important business interests the insurance companies thus far have withstood admirably the shock of the depression and there is every probability that they will continue to so do. To maintain that continue to so do. To maintain that position, however, they must be freed from hampering and unnecessary inter-ference by the state and allowed to work out their own salvation. If, as executives anticipate, commissioners and legislators observe a hands off policy, there is no doubt that the companies as a whole will successfully emerge from the depressing conditions.

New Jersey Field Shifted

Promotion of Frank G. Voorhies, state agent in New Jersey, to general agent with headquarters in Boston for the Fireman's Fund, has caused a change in the New Jersey territory. T. R. Roller, who has been special agent in New Jersey, will have the supervision of half of the state and R. F. Moore, formerly special agent in New Jersey for the Providence Washington, will supervise the other half.

CONDENSED NEWS OF WEEK

The New York department will meet Friday of this week the committees from fire, marine and casualty com-panies to discuss overlapping of opera-

Commissioner Dunham tempers his position as to valuation of securities for annual statements. Page 3

Resolution of protest against proposed automobile insurance endorsements for the Chicago territory is being sent by members of the Chicago Insurance Agents Association to their individual companies. 3/c 3/c 3/c

Companies affiliated with the Chicago Board are requested to execute power of attorney for the World's Fair Underwriting Association, details of which are made public.

Page 4

Commissioner Kidd of Indiana urges fire and casualty companies to rigidly enforce the 45-day balance rule.

Page 5 * * *

C. E. Chase retires as chairman of the board of the Hartford Fire and Hartford Accident. Page 4

New earthquake schedule goes into effect in San Francisco territory. Non-thiliated carriers undecided on rates for uture. Page 7

* * *

Iowa Fire of Waterloo is acquired by
Automobile of Hartford. Page 8

Automobile of Harttord.

* * *

Owing to restrictions in underwriting and retirement of companies there is considerable casualty and surety business afloat seeking a permanent lodging place.

Page 31

U. S. Supreme Court decides Oregon Page 15

U. S. Supreme Court decides Oregon license law case.

* * *

Verdict for \$96,000 secured against Wisconsin Power & Light Company in Beloit explosion test case.

Page 7

New York department has now gathered the rules and regulations of the acquisition cost conferences and briefs from nonaffiliated companies.

Page 32

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Prevident Bebrens of the Continental

President Behrens of the Continental asualty comments on the year's busiess.

Page 33

ness.

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Page 33

Wirt Wilson & Co., Minneapolis, originates, underwrites and adjusts shippers' draft bond.

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Committee of the control of the con

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Committee of the Casualty Club of Chicago is investigating great increase in malicious breakage of glass in Chicago, the information obtained to be turned over to prosecuting authorities.

Page 32

* * * * * *

Receiver of Home of Little Rock com-panies to sue Inter-Southern Life for performance of assumed Caldwell con-tract to take up \$484,899 of bonds.

Page 32

* * *

Two more companies allow commission the Hoover dam contract bond.

Page 34

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Agency commission issue in the workmen's compensation rate increase in
Georgia will be taken up by the Casualty Acquisition Cost Conference at its
meeting this week. Page 31

Chase Retires as Chairman of Hartford Fire, Accident

CRITICS MAY BE SILENCED BISSELL MAY BE SUCCESSOR

J. L. D. Kearney Is Being Mentioned as Next President Should Bissell Step Up

HARTFORD, Dec. 16.-President HARTFORD, Dec. 16.—President Bissell of the Hartford has announced that Charles E. Chase, affiliated with the company for more than half a century, has been relieved of his duties as chairman of the board of both the Hartford Fire and Hartford Accident at his own request. He has been named honorary chairman of the two boards.

For more than a year Mr. Chase has been confined to his home here following a stroke which he suffered in his 73rd year. He was elected president of the Hartford Fire in 1908, succeeding his father, the late George L. Chase. He first became associated with the company in 1880. After ten years spent in clerkship he was named secretary in 1890. In 1913 he retired as president to become chairman to become chairman.

Three Chase Generations

Mr. Chase and his father have served the Hartford Fire for almost a century in combined labor. Mr. Chase's son, Porter B. Chase, is a member of the board of the Hartford Fire so, in the normal run of events, service with the Hartford by the Chase family will exceed 100 years thauseh three ceed 100 years through three generations.

The retirement of Mr. Chase from active duty with the Hartford removes from the insurance industry in this city one of its best known and best loved executives.

It is probable that he will retire from other activities. He is a director of the Connecticut Mutual Life, Citizens of New Jersey, chairman of the board of the Hartford Livestock and a director of the Twin City Fire, as well as being a director in many non-insurance enter-

Mr. Bissell stated that there will be no successor to Mr. Chase for the immediate future. Some, however, feel that Mr. Bissell himself may be named to take over the active chairmanship of the board. There have been reports that J. L. D. Kearney, vice-president of the Hartford Fire and of the Hartford Accident would succeed Mr. Bissell.

Name Agents Committeemen

President Ramsden of California Association Still to Appoint Four Regional Men-Plans Meetings

SAN FRANCISCO, Dec. 16.-With appointment of four regional committee-men by Percy S. W. Ramsden, president men by Percy S. W. Ramsden, president California Association of Insurance Agents, plans are under way for a series of regional meetings to be held shortly after the first of the year. Committeemen so far appointed are: M. R. Jolimay of San Jose, for Alameda, Contra Costa and Santa Clara counties; E. Z. Robbins of Modesto, for San Joaquin valley from Modesto to Bakersfield: valley from Modesto to Bakersfield; Leroy Eslow of San Bernardino, for citrus belt section, including Riverside, San Bernardino, Redlands, Pomona, Orange and San Diego counties, and William P. Welsh of Pasadena, president of the local association, for Los Angeles, Ventura and Santa Barbara counties.

Ventura and Santa Barbara counties. Southern California formerly was one district, but now is divided in two for efficiency and expediency in holding meetings and handling memberships. Four committeemen covering the North Bay district, north central, Sacramento and Stanislaus counties and Santa Cruz, Monterey and the south coast are still to be appointed.

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Agents to Make Individual Protests on Auto Riders

CHICAGO MEN TAKE ACTION

Resolution Opposing Endorsements Adopted at Meeting of Chicago Insurance Agents Association

As the outcome of a special meeting of the Chicago Insurance Agents Association Monday a resolution protesting the two controversial automobile insurance endorsements for Chicago territory has been drafted by a committee of the agents' association. Copies of this resolution, which embedies the attitude resolution, which embodies the attitude expressed at the meeting Monday, are being sent to all members of the association. The members are requested to communicate with their individual com-

panies the sentiment of the resolution.

The protested endorsements, which were promulgated by the National Automobile Underwriters Association, are scheduled to become effective Jan. One endorsement would provide for only 75 percent recovery in case of an automobile which does not have regular garage facilities. The other endorsement would exclude accessory coverage, providing that the coverage could be brought back at an added premium.

Resolution in Full

The resolution of the Chicago Insur-

ance Agents Association follows:
"Whereas: The executive committee of the Chicago Insurance Agents Association met with the western advisory committee of the National Automobile Underwriters Association in October and filed with them an adverse report covering the proposed changes in forms and rates, and
"Whereas: A meeting of members of

"Whereas: A meeting of members of the Chicago Insurance Agents Association Dec. 14 confirms the opinion of the executive board that the proposed changes would be seriously prejudicial to the automobile business,

"Be It Resolved: That members of the Chicago Insurance Agents Association immediately file a protest with their companies against adoption of the so-called penalty for no garage clause and the equipment exclusion endorsement, and ment, and

"That Chicago Insurance Agents Association is opposed to the penalty for no garage clause except on finance busiand

That the Chicago Insurance Agents Association is opposed to issuing any restrictive form of policy, but suggests that rates be adjusted to include extra equipment, with a small return premium in the event it is excluded, and

"That no change in rates or rules be effective until publication of the new

schedule, and "That the Chicago Insurance Agents Association through its executive board be given consideration before publica-tion of any rates or forms affecting the automobile business in this territory,

That there be closer cooperation between the western advisory committee and the executive committee of the Chicago Insurance Agents Association,

That the executive committee of the Chicago Chicago Insurance Agents Association pledge themselves to cooperate to place the automobile business in this territory on a profitable basis with due regard for the interests of the companies, and with a full knowledge of the competitive situation which confronts the producers, feeling that unless a constructive program is provided, it will result in serious loss of business to the companies' agents and their brokers.'

New Auto Collision Form Is Devised by Ruegnitz

The following article by W. R. Ruegnitz describes what he believes a new automobile collision form which he has originated, will accomplish. For some time Mr. Ruegnitz has been proceupied with the collision problem. He has been impressed with the fact that only about 2½ percent of the reg-istered automobiles in the United States are insured under any form of collision. He has done an immense amount of research in an attempt to develop a salable collision form that would, at the same time be profitable to the companies. Being in the nature of a copyright idea, Mr. Ruegnitz does not reveal the form itself, but states that he is willing to discuss it with interested described.

While collision is generally recognized as a major automobile peril, and certainly the one uppermost in the minds of drivers, the high cost of insurance coverage has all but eliminated buying. Outside the territory in which rates are cut for competitive purposes the price of collision insurance is far beyond the inclination of most car owners, excepting the very well to do and an accidentprone minority whose business comes virtually unsolicited.

The automobile owners, no less than the underwriters, know well enough that most collision losses are small. The majority experience only occasional minor loss without serious accident. It should not be inferred, however, that they are therefore oblivious to the risk of major collision loss; they are, rather, accustomed to doing without collision coverage because our rates have for years been to them exorbitant.

Collision Is Different

The underwriters, in their studies of the hazard, have apparently not clearly recognized certain fundamental characteristics that distinguish collision from other perils. Collision is known as a partial loss peril, but what has not been brought into the open is that the fender dents and scratches, which actually con-stitute the greater part of collision damage, are essentially accidental wear and tear. As an approximation loss under the full cover collision form is four or five parts wear and tear to one of major, or deservedly insurable, collision; and rates anywhere nearly adequate to the coverage of collision plus wear and tear must be so high as to preclude sale. Taking ordinary wear and tear by itself, it is in any case more economically borne by the car owner directly than

insured against.

Industrial accidents, according to competent authority, are 90 percent of mental origin and incurred by a minority of accident-prone workers. Similarly, a minority of accident-prone drivers occasions and incurs the greater part of collision loss. The fact of mental origin cannot be too strongly emphasized; what causes a person to incurs the greater part of what causes a person to incurs the greater part of collision loss. cannot be too strongly emphasized; what causes a person to incur accident is too often not outwardly manifested excepting by the fact of the accidents. The rules and safeguards of selection, adequate to the underwriting of other perils, break down for collision; repeaters get on every company's books. In the face of this condition and despite the evidence of an enormous total of loss, it may be stated nevertheless that most drivers are accident-free within limits tolerable to the insurance companies; but we have not written the accident-free drivers and their experience does not appear in our loss ratios.

Merit Rating

Whatever the objection to merit rating for automobile liability, there is logical reason for applying merit rating to automobile collision. The efficacy of merit rating by rate reduction after a period of observed or alleged good ex-California licenses have been issued to Mercantile Mutual Fire, Narragansett Mutual Fire and Firemen's Mutual, all period of observed or alleged good experience is open to question regardless of Providence, R. I.

merit rating in any form for perils other than collision. Collision is character-ized, however, by an accident frequency ranging in average from 100 to 300 times that of fire or theft, in view of which the experience of one, or at most two years will gauge the merit of the driver. The accident-free at one end of the scale will develop one or two losses during ten years while the accident-prone at the other will incur up to ten or even more losses in one or two years. In view of which, if an equitable method be found, the principle of better rates for better drivers should unquestionably

The claim frequencies and claim costs peculiar to collision, though not ade-quately recorded in our statistics, nor generally given consideration by raters, have been at the bottom of the impro-visation of new collision forms and ye other new collision forms, while in fear of overloading the traffic the underwriters have for years named rates be-low the indications of experience. As a result, collision today is another of those problems, any proffered solution of which is likely to be viewed with apathy. But is it not becoming evident that the failure to recognize and eliminate the high cost of wear and tear and the failure to accord better rates to better drivers are accountable for our lack of progress? If this is a fair hypothesis, we have at hand the means of abating the faults of our present forms.

Partial Loss Risk

No form or method of underwriting promise a miracle. Collision, th a major peril is also a partial though loss risk, characterized by many small losses shading off into a few large claims, with no agreed line of demarca tion between major and minor loss Encountered also are all gradations of driving ability, good, indifferent and poor, together with other variable factors of hazard for which there are no yard-sticks. If, therefore, a new proposal compromise with ideal requirements it should not therefore be rejected as impracticable. jected as impracticable.

What the compensated form is lated to accomplish, then, is (a) The development of new business on the basis of substantially lower price, enabled by elimination of claims for mere wear and tear; (b) The development of new business through the appeal of merit rating
(CONTINUED ON LAST PAGE)

Agency Balances Watched As Year Draws to Close

DETROIT, Dec. 16.—The slow mo-tion in settlement of agency balances by agencies is embarrassing to even the strongest companies at any time of year but particularly so in the closing days of the calendar year because the insurance departments don't recognize as admitted assets premiums unpaid over 90 days and a large volume of unpaid pre-miums might easily land a company in the impaired condition class.

In this connection George W. Carter, president Detroit Insurance Agency, expresident Detroit Insurance Agency, executive committeeman of the National Association of Insurance Agents and national councillor from Michigan, says: "Agency balances must be secured to maintain the solvency of our companies and agents must recognize that portion of the premium belonging to the comof the premium belonging to the com-panies as funds held in trust until paid. This subject was a part of the discussion on agency qualifications at the Los Angeles national meeting, a matter to which the companies must give unbiased thought in improving the standard of eligibility and responsibility of representation."

Kidd Urges Enforcement of the 45-Day Balance Rule

APPEALS TO ALL COMPANIES

Indiana Commissioner Says Public Interest leonardized by Improper Extension of Credit

Commissioner Kidd of Indiana has addressed a letter to fire and casualty field men and to company executives express-ing disfavor at the extension of credit agents beyond 45 days from the first of the month following the month in which the policies are issued. Mr. Kidd said he was prompted to make known his attitude because of numerous inquiries which he has had from field men as to the position of the insurance department upon this question. He points out that licenses of agents who do not pay their balances in 45 days are subject to revocation in Indiana, on the ground that the interests of the company and of the public are not properly served if at delinquency obtains.
"It is to be regretted that in the past

it has been necessary for this depart-ment to revoke the licenses of a num-

ber of agents because of unpaid balances," Mr. Kidd declared.

Mr. Kidd says he agrees with the principle subscribed to by the conference committee of the National Board of Fire Underwriters and the National tion of Insurance Agents which was set forth in 1926. "Competition between companies in credit extension in the companies in credit extension in the payment of agency balances," the statement of that principle reads, "does not serve the best interests of the insurance business. Balances shall be remitted within 45 days of the first day of the month following the month in which the policies are issued."

Although this agreement was not entered into by the casualty representa-

tered into by the casualty representa-tives, Mr. Kidd said that the principle is sound and should be adhered to by all companies in Indiana.

"The constant concern of this department is the insurable interest of the public," Mr. Kidd declared. "Insurance rates approved and submitted in Indiana are predicated upon the theory that preare predicated upon the theory that pre-miums will be paid within a very limited time after policies have been written. To extend credit beyond a reasonable period might easily go into a vicious practice and develop demoralizing re-sults. Such results could and most likely would impair the financial structure of insurance companies in many in-stances, thus endangering the interests of the insuring public. We conceive it of the insuring public. We conceive it to be the duty of this department to energetically guard against that contin-

I. D. Goss Named Chairman of Joint Arson Committee

I. D. Goss, farm manager for the America Fore companies and president of the Farm Association, has been ap-pointed chairman of the joint arson committee, which was created at the joint meeting of the agricultural committee of the National Fire Waste Council and the National Fire Waste Council and the farm fire protection committee of the National Fire Protection Associa-tion in Chicago in October. The other members are F. H. Cornell of the Home members are F. H. Cornell of the Home of New York; James Slocum, secretary Pioneer Reserve Mutual Fire of Detroit; H. P. Cooper of Indianapolis, secretary National Association of Mutual Insurance Companies; Arthur Page, Chicago, representing agricultural editors and G. F. Lewis, Toronto, the fire marshals. The appointments were made by D. J. Price, chairman of the agricultural committee, and Wallace Rogers, chairman mittee, and Wallace Rogers, chairman of the farm fire protection committee.

Mr. Goss states that the committee will proceed vigorously.



 $T^{
m HIS}$ is the end of a year dizzy with moratoriums, gold shipments, international conferences and retrenchments. The day's news raises fantastic economic questions which never entered our heads before. Mr. Average Citizen actually reads the printing on his dollar bill, and feels that his ignorance is equalled only by the ignorance of financial experts.

That will all pass soon, for the coming of a New Year promises more interesting news. The remedies will have been shaken well-and used. The operations may have been unsuccessful, but the patients lived!

Camden, in the meantime, carried more business the first half of 1931 than during the same period in 1930. The last half of the year looks even better.

The secret is capable agents, working hand-in-glove with a capable home office. Camden offers, advertises, and explains a host of necessary coverages, and Camden agents close the sales. Neither of them, it appears, worries much about the gold reserve.

Write to Camden. Talk about yourself, your town, the business you would like to write. Perhaps Camden can show you how to increase your income by paving your way for the sale of Inland Marine coverages.

> The Ninetieth Anniversary Year of an Agency Company Known for Its Cooperation and Fair Dealing



CAMDEN FIRE

INSURANCE ASSOCIATION

Camden, N. J.

Adjusters Discuss Effects of Chicago Auto Restriction

TOTAL LOSS MATTER PUZZLES

Western Loss Association Hears Report on Stripping After Recovery by Police

The question as to what would result in adjusting a total automobile loss under the proposed equipment exclusion plan for Cook county and Chicago was

plan for Cook county and Chicago was raised at the December meeting of the Western Loss Association Tuesday night. This is an aspect of the matter which heretofore had not come to light. The adjusters will take the question up immediately with members of the theft committee of the National Automobile Underwriters Association to determine how it was intended that the proposed exclusions should apply on total losses.

Little Value Remaining

It was pointed out that the exclusions applying in case an insured should elect not to pay the extra premium for the equipment theft endorsement, in many cases after value of equipment had been deducted from sound market value might leave very little insurable value on which the insured could realize. Ill-will and misunderstanding, particularly on the total losses, were feared.

It was pointed out that even a car a year old which originally retailed at \$1,200 or so might on the present market have a sound value of only \$500. Any retail price reductions in the year also might lower this value. After deduction of the many equipment items, from this \$500 value the car owner might receive only a nominal sum.

The proposed 75 percent endorsement intended to apply to cars parked continually on the streets was generally approved. It was pointed out that the exclusions

Stripping a Problem

Several adjusters reported experiences with some of the official police garages where recovered cars are hauled. The adjusters reported that cars which showed very little stripping when identified by owners, were found to be minus many items in the police garages.

There was the general opinion that in some of these place there is a regular.

There was the general opinion that in some of these places there is a regular stripping "racket" in which some policemen are involved. The greatest difficulty however is with the former of ficial police garages, to which, adjusters find, city police, and particularly park and state highway police, send cars wherever possible. whenever possible.

Racket Is Charged

In one section almost every recovered car appears to have been found by one car appears to have been found by one park officer, who sends them to a garage where stripping is said to occur frequently. It is believed many of these cars are recovered by city police, who are required by order to send the cars to official garages, which in most instances offer no opportunity for the racket. The police it is said, undoubtedly turn the cars over to the other officer to dodge this rule.

President S. L. Nelson of the association reported an unusual radio loss in

ciation reported an unusual radio loss in ciation reported an unusual radio loss in Kansas, a field man having approved a claim on a lightning loss on the theory that under the inherent explosion clause in the standard dwelling house fire policy the lightning in conjunction with certain inherent explosion hazard in the radio had resulted in an explosion.

The association's treasury is in fine shape and at the suggestion of President Nelson dues for the succeeding year were passed.

year were passed.

The matter of interchange of transcripts of discussions with the new Loss Executives Association of New York was brought up and referred for consideration. It is considered to be a project with fine possibilities.

Loss Record Continues Below Figures of 1930

NEW YORK, Dec. 16.—Fire losses in November, according to the tabulation of the National Board, aggregated \$35,287,641, as against \$35,682,577 for November, 1930. The record of the past month increases to \$411,503,056 the losses since Jan. 1, a decrease of \$9,439,791 from the corresponding 11 months of 1930. ing 11 months of 1930.

Misconduct Charges Causes Much Interest in Chicago

A charge of misconduct has been brought against one of the prominent agencies in Chicago, and the case has been referred to the Chicago Board for action. It seems that this agency had been endeavoring for some time to secure the insurance upon a group of buildings on the west side, a rather size-able line. It was unsuccessful in its efforts until it recently secured from a source as yet unknown the information that the rate on the buildings was to be rather considerably increased, and that the increase was to become effective within a few months.

within a few months.

The assured was carrying a one year term policy which was to expire in several months. A representative of the agency desiring the business persuaded the assured to cancel the existing one year term policy short rate and to rewrite the entire line under a five year term policy, in this way securing the benefit of the existing low rate for a period of five years and avoiding the necessity of submitting to an increase in rates for that length of time. It is charged that the agency paid out of its own pocket the difference between the short rate and pro rata cancellation, which it is claimed, is simply a form of rebate. The case has caused considerable comment among agents and brokers who have found out about it, and the decision of the hored in available with who have found out about it, and the decision of the board is awaited with interest.

Southwestern Taken Over

The Texas Adjustment Company has taken over the Southwestern Adjustment Company of Dallas.

Ralph Tilton With Northern

Ralph Tilton has been appointed spe-Raph Litton has been appointed special agent for the Northern of London with headquarters at 204 Walnut Place, Philadelphia. He was once with the office of Henry W. Brown & Co. of Philadelphia; followed by experience as an inspector and rater and then as special agent.

J. Henry Johnson Reelected

Henry Johnson of the James B. Welsh Realty & Loan Company was re-Welsh Realty & Loan Company was re-elected president of the Insurance Agents' Association of Kansas City at its annual election. W. Wilbur, McLuer & Wilbur, was elected vice-president, and Fred V. Griffith reelected treasurer. M. T. Jones, president Kansas City Fire & Marine, and D. Williams, Wil-liams agency, were elected members of the executive committee.

Home Declares Regular Dividend

The Home of New York has declared s regular quarterly dividend of 50 cents a share.

Insurance Club Party

The Insurance Club of Chicago plans to hold its annual Christmas party Christmas eve in the club rooms, Insurance Exchange, President Joseph W. Bolton announces.

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Earthquake Relief Measures Abolished by Formal Action

BROKERS APPROVE CHANGES

Non-board Carriers Undecided on Policy Toward New Low Rates— May Band Together

SAN FRANCISCO, Dec. 16.—Earthquake rate relief measures used by Pacific Board companies and brokers in California to meet competition of nonaffiliated competitors were definitely abolished during the last week when a proposal circulated among company managers and general agents in San Francisco providing for the elimination of such measures received the necessary number of signatures for its approval. The rule becomes effective in San Francisco immediately and in the remaining Pacific Board territory after Jan. 1.

Jan. 1.

The San Francisco Brokers Exchange has voted unanimously to amend its constitution to extend its jurisdiction to include earthquake writings of members. Under this amendment all members of the exchange are pledged to place earthquake insurance only with board companies.

Meet Former Non-Board Rates

Under the new schedule the affiliated companies will be operating at rates as low and in some instances lower than the non-boarders have been charging on earthquake risks. The non-affiliated companies are expected to meet this situation by cutting under the new board schedule, but just how large a cut can safely be made without entirely disregarding underwriting judgment is a question which is causing considerable concern in non-board offices.

disregarding underwriting judgment is a question which is causing considerable concern in non-board offices.

A move on the part of the independent companies to draft a uniform or near-uniform rate schedule for earthquake insurance would be decidedly unique and perhaps the forerunner of a more general movement towards unity of underwriting practices and rates. Heretofore, these companies always have operated as "free lances" in this territory, making their own rates, adhering to no fixed set of underwriting rules and underwriting their business more or less as the individual opinions of the managers or general agents dictated.

For the most part the practice of these companies in the past has been to cut the board fire rate from 20 to 40 percent depending on the desirability of the risk involved, besides granting three year coverage without adhering to the board rule of requiring at least 70 percent coinsurance when applying the term rule to mercantile risks. Much larger cuts have been made on earthquake rates. This was made possible by the high board schedule of rates which has been in effect. Moderate reductions were made on the A and B class buildings, but on the C class, which is the type of construction most generally used in San Francisco, the three year board rates of \$3.50 and \$3.75 were sliced as much as 75 percent, the rates varying from no apparent reason at all from \$2.00 to as low as 50 cents. With the new board three-year rate on Class C buildings now down to \$1.50 under the new schedule, the non-barders are confronted with a problem.

With the new board three-year rate on Class C buildings now down to \$1.50 under the new schedule, the non-boarders are confronted with a problem whereby they will be forced to either make a very moderate cut of the published rate or resign themselves to losing much of the premium volume here-tofore derived from this class of business by accepting the business at rates much lower than those which they have been obtaining.

been obtaining.

Most of the managers and general agents of the better independent companies are known to favor making a much more moderate cut than heretofore when the new board schedule becomes effective. They are of the opinion that it would be decidedly unwise

Arkansas Church Glad It Kept Tornado Cover

A proposal to discontinue \$25,000 of tornado insurance on its church property was presented to the First Methodist Church of Camden, Ark., as an economy measure at a meeting Dec. 7. After considerable discussion the proposal was turned down.

On Dec. 13 a tornado swept

On Dec. 13 a tornado swept through Camden, a town of 7,300 population, and wrecked among other buildings the First Methodist Church. Needless to say the stewards of the church are happy they did not economize in their in-

surance protection.

The storm swept through northern Louisiana and southwestern Arkansas, the greatest damage being done in Camden and Waldo. Total loss is close to \$1,000,000.

Homer Schroeder Is Head of Cat's Meow National Court

ST. LOUIS, Dec. 16.—At a meeting here of delegates to the royal court of Cat's Meow to select officers for the national body, Homer Schroeder, who is finishing his term as most wise and powerful meow of the St. Louis court, was elevated to royal most wise and powerful meow. Hoyt Nelson, Kansas City, Mo., was named royal keeper of the catnip; David F. Barrett, St. Louis, royal recorder of meows; Ed A. Hooke of St. Louis, inside keeper of the watch, and R. L. Kimberly, Kansas City, outside keeper of the watch.

side keeper of the watch.

The meeting followed that of the St.
Louis court, at which J. W. Lawrence of
W. H. Markham & Co., was elected
most wise and powerful meow. Other
officers are: Most sagacious recorder of
meows, John Kelly; most faithful keeper
of the catnip, Frank Flick; outside
keeper of the watch, Nelson Friday; inside keeper of the watch, Louis Antoine;
directors, Homer Schroeder and Robert
Sellers.

from an underwriting as well as a business standpoint to write the coverage at rates much lower than the schedule which will prevail after Jan. 1. None of them as yet has announced what cut will be made, but they have tentatively expressed themselves as favoring the same method of deviation used on fire insurance and reducing the published quake rates not more than 20 percent.

One prominent non-board manager has announced that he will make a determined effort to bring the managers and general agents of the more important independent companies together and attempt to have them agree upon a schedule of rates, which would be sufficiently flexible to enable them to exercise their individual underwriting judgment with reference to different classifications of risks and still provide some uniformity of rates.

LOS ANGELES AGENTS MEET

LOS ANGELES, Dec. 16.—Plans to have the new earthquake insurance rules and rates, recently approved and adopted for San Francisco, put into force in southern California through the Los Angeles Fire Insurance Exchange have practically been completed and Los Angeles agents met there Tuesday night to consider the agreement reached between committees from the Pacific Board and their own organization.

The new rules and forms are sub-

The new rules and forms are substantially the same as those adopted in the north. Abrogation of relief measures is expected to follow approval of the plan by the agents, and in San Francisco it seems the consensus that members of the board will vote formally to adopt the changes.

Gas Company Must Pay in Beloit Explosion Test Case

VERDICT FOR \$96,000 DAMAGES

Leak in Improperly Constructed Main Held by Jury as Cause of Disaster

JANESVILLE, WIS., Dec. 16.—The E. L. Chester Company, Beloit department store, was given a \$96,000 verdict here last week against the Wisconsin Power & Light Company for damages received from an explosion in Beloit a year ago.

year ago.

Fire insurance men have been interested in the outcome of this case which grew out of an explosion and subsequent fire which wrecked a large part of the business section of Beloit, and resulted in claims amounting to about \$250,000 being brought against insurance companies.

Since the buildings were not covered with explosion insurance there were many difficulties involved for the insurance companies in allocating damage and in pointing out the lack of explosion coverage to the assureds. Shortly after taking office last summer, Commissioner H. J. Mortensen called insurance companies in to ascertain why settlement had not been made, and at that time the companies pointed out their position, while respectfully contending that this was not a matter for the insurance commissioner.

Insurance Attorneys Assist

Since the insurance companies could not allocate explosion damages for which there was no coverage and since it was the contention of the companies that the explosion with its resulting damage was caused through the carelessness and negligence of the Wisconsin Power & Light Company, it was deemed advisable to make a test case. Insurance company attorneys assisted the Chester Company in this case.

The jury held that the fire which destroyed the Chester property resulted from a gas explosion due to a leakage of gas from a broken valve in the gas company's main. The jury also held that the gas main was not properly constructed and equipped with such safety devices as is customary.

The fact that more than 20 cases are involved in the question, beside the Chester company, is of particular interest. A few cases have been settled but the insurance companies have subrogation rights in these cases and action is being taken to recover where such payments on insurance have been made.

"Ad" Conference to Meet in New York City Oct. 3-5

NEW YORK, Dec. 16.—The abolition of every unjustifiable expenditure was the keynote at the executive committee meeting of the Insurance Advertising Conference here last week. On the other hand, adequate funds were voted to both the life and fire groups to carry out vigorous, constructive plans along advertising and business promotional lines. It is felt that the present business situation offers an excellent opportunity for the conference to further demonstrate its usefulness.

It was decided to hold the 1932 annual meeting Oct. 3-5 in New York City. Many of the members also attend the annual meeting of the Direct Mail Advertisers Association, which opens Oct. 5.

Of the committee chairmen appointed at this meeting, those who have accepted are: Publicity, Harold E. Taylor, American of Newark; pirating of names, Chauncey S. S. Miller, North British & Mercantile; frontier safety, Robert G Richards, Atlantic Life.

Kansas Hail Loss Ratio in 1931 Best in Years

TOPEKA, KAN., Dec. 16.—The hail insurance companies writing business in Kansas had a 24.3 percent loss ratio in 1931, the most favorable in many years. The unfortunate part, however, is that they did not have much business. The 1931 stock hail premium volume was less than one-third the total of two years ago.

The stock companies have just completed their reports to the Kansas insurance department for the last three years. Five years ago the companies had the worst experience in their history in the state and now the extreme has gone entirely the other way. For three years the companies refused to write more than a few selected risks in the western part of the state because the department would not permit some heavy increases in the hail rates in certain territories without reductions in rates in the more favored territory. An adjustment of the rate situation was worked out by the department and representatives of the hail conference last winter. But even this did not restore the business to

normal figures.

The reports of all the mutuals operating in the state have not been filed but the ones received indicate a favorable season.

The following shows the losses and loss ratios of the stock companies on hail business during the past three years:

Year									Losses \$1,220,612	Ratio
1930										33.5%
1931										24.3%

The record discloses that the stock companies had a total of \$85,639,371 at risk during the three years and that the total losses were \$2,130,335. This makes an average aggregate loss cost of \$2.49 per \$100.

Sails Mostly Well Trimmed; Very Few Shipwrecks Feared

NEW YORK, Dec. 16.—Although the anticipated reinsurance of a number of the smaller fire companies has failed to materialize thus far, a strengthening of forces through the medium of mergers has been effected in a number of cases, while the partial reinsurance of business has been fairly common. Some offices have disposed of risks in states where their premium volume was not sufficient to justify the expense of continuance, thereby releasing reserves to increase surplus accounts.

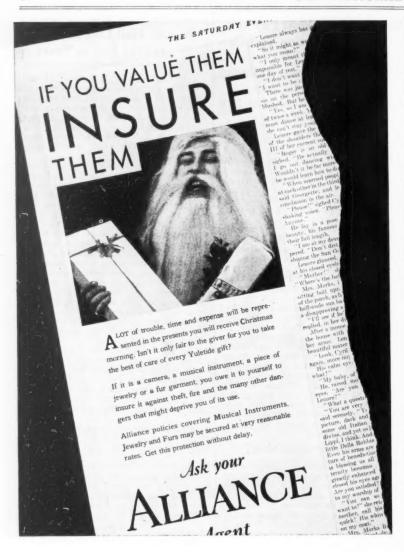
counts.

Still other companies have found it desirable to cut capital in order to effect a better relation between that item and free surplus. It may be that in the remaining two weeks of 1931 some institutions that thus far have weathered the stress may conclude to withdraw from the field permanently or for a season at least, but it is believed their number will be strictly limited.

Little Legislation Likely

WASHINGTON, Dec. 16.—With A variety of matters of first importance to engage the attention of Congress, which convened Monday, it is not expected serious consideration will be given such measures as the insurance code revision for the district of Columbia, revision of the character and extent of surety or fidelity bonds required of public officials, or the enactment of a monopolistic workmen's compensation law for the district. This should be an "off year" so far as legislatures are slated for sessions and in view of the widespread industrial and economic depression it would not be surprising if a number of others should call special session to consider means for raising increased revenue.

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NEWS OF THE COMPANIES

Aetna Life Gets Iowa Fire

Control of Company in the Insurance Securities Group Goes to Hartford

The Iowa Fire of Waterloo, Ia., which has been a member of the Insurance Securities of New Orleans group, has been acquired by the Automobile of Hartford. The Insurance Securities Hartford. The Insurance Securities group, the principal operations of which are life and casualty, has been gradually retiring from the fire insurance field, having reinsured part of its business in the North British & Mercantile and some in the Inter-Ocean Reinsurance. It is likely that the Insurance Securities group will retain the La Salle Fire for the writing of combination automobile policies with the Union Indemnity. demnity.

Herman Miller, vice-president and general manager of the Iowa Fire, will be retained by the new management to operate the company from Waterloo, with the assistance of Assistant Manager Milo Miller.

What Deal Signifies

"These negotiations," the Automobile of Hartford states, "signify the trend of amalgamation among insurance interests of standing and presages the vision of large financial institutions in becoming more closely identified in various localities." Acquisition of the Iowa Fire gives the Aetna Life group three fire insurance companies, the third being the

Standard Fire.
As of Dec. 31, 1930, the total assets of the Iowa Fire were \$387,799; capital, \$100,000, and surplus, \$174,914. Its total premiums in 1930 were—\$622,317 and

rhe Iosses, \$616,640.

The Iowa Fire was started in 1905 as the Iowa Manufacturers, the title being changed in 1925 to the Iowa Fire. In 1921, the outstanding risks of the Automotive of Mason City were reinsured. Late in 1930 its entire insurance in force was reinsured in the La Salle Fire and since then all business has been automatically reinsured in that company

Madison Creditors to Get Only 21.9 Cents on Dollar

INDIANAPOLIS, Dec. 16.—Creditors of the defunct Madison Insurance ors of the defunct Madison Insurance Company of Indianapolis, which has been in receivership seven years, will receive 21.9 cents on the dollar, Marvin Curle, receiver, reported last Friday to Judge Pickens of the superior court. The receivership was ordered closed. Claims will be collected by 102 creditors. The receiver collected \$42,779 during the seven years and spent \$30,104 including seven years and spent \$30,104, including \$10,000 for attorney fees, \$4,500 for the receiver and \$2,500 for an auditor. Several months ago, under an order of court, \$30,000 was assessed against stockholders and collected, being a part of the \$42,779 assets.

The Madison operated under one The Madison operated under one of the old Indiana special charters, which granted very broad powers and pro-vided for practically no supervision by the state. The failure of a company operating under one of these charters does not kill the charter but it may again be rehabilitated if so desired.

Slight Dividend Reduction

The American of Newark has declared a quarterly dividend of 20 cents a share payable Jan. 2 to stockholders of record Dec. 10. The quarterly rate has been 25 cents a share.

"The officers and directors" Proci-

"The officers and directors," President C. W. Bailey of the American states in the message to stockholders,

"considered it prudent at this time to reduce the quarterly dividend to 20 cents per share as against 25 cents formerly paid. The dividends at this time will bring the amount thus paid well within the actual investment receipts, at current rates, of the American Insurance Company alone. All investment income from the other companies of our group (with the exception of the Columbia which paid the parent company 10 percent on its capital stock) is retained by them."

In Hands of Receiver

The affairs of the First National Mu-tual Fire of Bloomington, Ill., have been placed in the hands of a receiver. The company was turned over to the attorney general in August for liquidation. As of Dec. 31, 1930, the First National Mutual had assets of \$19,101; surplus to policyholders, \$328; income, \$28,-454; disbursements, \$31,387; net premiums received, \$-233; losses incurred,

Defers Dividend Action

The Fire Association has deferred until Jan. 8 action on the dividend due at this time. At that time the directors will review the position of the comapny and the first quarterly dividend will be "fixed in the light of business conditions existing at that time." The next dividend would have been due Jan. 2.

National American Report

Total assets of the National Ameriassets of the National American Fire of Omaha as of June 30 were \$1,851,799, according to report of examination released by the Nebraska department. Capital was \$1,000,000; surplus, \$252,852; unearned premiums, \$41,516

Will Have New By-Laws

At the annual meeting of stockholders of the National Union Fire to be held Jan. 11, in addition to the election of directors, action will be taken on the adoption of revised by-laws for its gov-

Company Notes

The Hartford Fire has declared the regular dividend of 50 cents, payable Jan. 2 to stockholders of record Dec. 15. Title of the National Druggists Mutual of Algona, Ia., has been changed to National Mutual Insurance Association. The Hanover has declared the regular quarterly dividend of 40 cents a share payable Jan. 2 to stockholders of record Dec. 18.

The **Phoenix of Hartford** has declared the regular quarterly dividend of 50 cents, payable Jan. 2 to stockholders of record Dec. 15.

The California Union of San Francisco has been licensed in Illinois. As of Sept. 30 it showed \$200,000 capital and net surplus \$138,283.

net surplus \$138,283.

The usual quarterly dividend of 55 cents per share, \$10 par, has been declared by the **Providence Washington** and was paid Dec. 14.

The **Western Underwriters Mutual**, Kansas City, which recently reinsured the business of the Western Reciprocal Underwriters, has been licensed in Arkansas.

Hull Coverage Revised

Modification of hull policies by clari-Modification of hull policies by clarifying fire coverages has been made by the United States Aviation Underwriters. Classes A, B and C are revised to eliminate any chance of their being misconstrued as covering hazards embraced in the broader fire class D.

The most recent entries in the inter-chamber fire waste contest conducted by the National Fire Waste Council, under the auspices of the insurance department of the Chamber of Commerce of the United States are Corbin, Ky., and Bend, Ore.



equitability

fairness in loss adjustments—promptness of settlements—these, no less than the Queen's sound resources, have earned the confidence and esteem of the insuring public as well as the good will of agents. Although the Queen has paid out over one hundred and five million dollars net losses, no catastrophe has ever affected the Queen's ability to settle every claim fairly—equitably.



For Christmas This Pear

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Use the Coupon Below

Send a Subscription to

The National Underwriter

The gift that will be remembered and appreciated 52 times in 1932

OU know some friends who would profit in these times by keeping alert to the vital weekly news given in The National Underwriter. A Christmas subscription will be most welcomed. The National Underwriter brings the latest insurance happenings and it is unmatched in news service to the business. It is more necessary than ever to keep informed of insurance news that affects all.

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The National Underwriter 175 W. Jackson Blvd., Chicago Please send The National Underwriter, (Check issue you want) FIRE, AUTO, CASUALTY EDITION, \$4.00 per year (52 issues) LIFE INSURANCE EDITION, \$3.00 per year (52 issues) to the following along with a letter telling them of this gift.

() My check is enclosed. () Bill me later. Street City and State..... SEND BILL TO, Name...... Position.... Street City and State.....

CHANGES IN THE FIELD

Veteran Nebraska Executive State Agent and General Adjuster Succeeded by J. H. Riggs

D. B. Welpton of Omaha, executive state agent and general adjuster for the Royal group, will retire from that posi-



D. B. WELPTON

tion Dec. 31 and be succeeded by J. H.

tion Dec. 31 and be succeeded by J. H. Riggs, Nebraska state agent.
Mr. Welpton's association with the Royal group dates back to 1891 and he has rendered loyal and capable service. For many years Mr. Welpton had jurisdiction over all loss adjustments west of the Mississippi, and also supervised the field men in that extensive territory.

Mr. Riggs is well qualified to take over increased responsibilities. He joined the Royal in 1926 and he has been closely associated with Mr. Welpton.

Welpton Retires from Royal Bleckley Succeeds Patton

Rhode Island Field Man to Travel Kansas, Western Missouri for Northern of London

C. E. Bleckley has been appointed state agent in Kansas and western Missouri for the Northern of London to succeed E. D. Patton, who was recently promoted to be assistant secretary at the New York head office of the Northern in charge of western business. ern in charge of western business. Mr. Bleckley has been in the Kansas field eight years for the Rhode Island. He is most loyal gander of the Kansas Blue

B. L. Mulvehill

B. L. Mulvehill

B. L. Mulvehill of Lansing has been appointed Michigan state agent for the Corroon & Reynolds fleet, succeeding W. E. Goodman, who resigned recently. Mr. Mulvehill has been special agent for the group in Michigan since April 1, 1931, going there from Ohio. Before that he had been special agent for Corroon & Reynolds in Mississippi. He began his career with the Central Fire, with which he remained for seven years. He is a son of J. H. Mulvehill, vice-president and secretary of the Globe & Rutgers.

R. A. Eliassen

Ralph A. Eliassen, who formerly traveled northern Ohio for the National Lib-erty, has been appointed special agent in Ohio and West Virginia for the

Stuyvesant group.

He is to work under the direction of General Agent C. J. Kepler, and make headquarters in the latter's office at Okron. The companies affiliated with the Stuyvesant are the American Constitution and American Home.

His headquarters will be the Omaha Loan & Building Association building.

INSURANCE STOCK QUOTATIONS

By H. W. Cornelius of Morrison & Townsend, 208 South La Salle St., Chicago, as of Dec. 15

I	liv, per		
Stock Par	Share		Aske
Aetna Cas 10	1.60	27	32
Aetna Fire 10	2.00	23	25
Aetna Life 10	1.20	19	20
American, N. J 5	1.00	8 1/2	9 1
Amer. Surety 25		11	13
Automobile 10	1.00	14	17
Baltimore Amer. 5	.80	4	5
Boston100	16.00	280	305
City of N. Y 100	16.00	90	120
Continental Cas. 10	1.60	13 1/2	15
Continental 10	2.40	18	20
FidPhenix 10	2.60	20	22
Fire Assn 10	1.60	7	9
Fireman's Fund. 25	5.00	45	47
Fireman's F. Ind		15	19
Firemen's 10	1.20	7	9
Franklin 5	1.60	10	12
Glens Falls 10	1.60	36	38
Globe & Rutgers.100	20.00	210	230
Great Am. Fire. 10	1.60	9	11
Great Am. Ind., 10		11	13
Halifax Fire 10	1.20	6 1/2	7 1
Hanover 10	1.60	14	16
Harmonia 10	1.80	10	12
Hartford Fire 10	2.00	31	33
Home F. & M			27
Home, N. Y 10	2.00	13	15
Homestead 10	1.30	7	9
Ins. Co. of N. A. 10	*2.50	23	24
Linc. Fire, N. Y. 10	1.60	10	13
National Cas 10	1.20	10	11
National Fire 10	2.00	26	28
National Liberty 5	.50	2 3/4	3
National Surety. 10	2.00	10	11
National Union100		22	32
New Brunswick, 10	1.80	11	13
New Hampshire, 10	2.00	27	33
North River 10	2.00	13	15
N. W. National. 25	5.00	80	85

		Div. per		
Stock P	ar	Share	Bid	Asked
Peoples National	5	.50	2	3
Occidental				12
Phoenix, Conn		2.00	36	3.8
Prov. Wash		2.20	22	24
Public Indemnity			1	2
Rossia		2.20	1 3	4
Springfield F.&M.		4.50	57	62
St. Paul F. & M.			110	115
Sun Life1			350	400
Travelers1			410	
U. S. Casualty			9	12
U. S. Fire				
U. S. Fid. & Guar.			4	6

Automatic Cancellation Would Not Inconvenience

DENVER, Dec. 16 .- A renewed drive to bring about automatic cancellation clause for non-payment of premiums is favored by Clarence H. Creech, Wilson-Creech Insurance Agency. "The objection," he said, "that large interests would be inconvenienced by automatic cancellation does not seem impressive for probably 98 percent of the insurance business is comprised of renewals and the average well-regulated agency issues and delivers the contract at least one month before expiration, allowing ample time for consideration. If the validity of the endorsement were questioned by a state permitting only specified endorsements as provided by statute a reminder that free insurance unquestionably constitutes rebating would certainly arouse the concertion of any insurance arouse the cooperation of any insurance commissioner to secure proper legislaTH

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HE HOME LIFE INSURANCE COMPANY OF

Life Insurance As An Income Builder

ORE and more, General Insurance Agencies are finding Life Insurance a source of substantial income. In choosing a Company to represent, certain factors are extremely important. A group of General Insurance Agencies has found the Home Life a thoroughly satisfactory company to represent, for the following reasons:

Impregnable Strength

1. It is one of the oldest legal reserve Insurance Companies in the country, with a background of 71 years' unquestioned and unquestionable service. Founded in 1860, it has built consistently to a position of importance in the business. For 71 years its name has been synonymous with high ideals and impregnable strength.

Investment Security

2. No one thing is so important in the business of Life Insurance as unquestioned security. A review of the Company's last annual statement reveals an impregnable financial condition. After providing for all liabilities and assigning funds to take care of all contingencies, the report shows unassigned surplus in excess of \$3,000,-000, while assets total over \$75, 000,000.

Expansion Program

3. The Company is now expanding and growing at a greater rate than in any previous period, as indicated by the following totals of Insurance in Force:

1860	-	Incorporated
1910	-	\$100,000,000
1920	_	200,000,000
1926		300,000,000
1931	_	400 000 000

This type of growth lends to prestige and creates greater opportunities. A growing company is always a good one to represent.

Sympathetic Leaders

4. At the head of the Home Life are officers who know the problems and needs of the field men. The President of the Company, James A. Fulton, started with a rate book, has hired and trained agents-and therefore, senses

least important part of which is a well- any cause. This applies both to agents rounded folio of printed sales helps.

Preferred Company

6. The keynote of the Company's present development is its Preferred position. The new Preferred Life Plan-which enables the better than average risk to effect a savings on his insurance, just as impaired risks have to pay an additional charge-has done more than establish a new principle of underwriting. It has created a higher

and general agents.

Keen Understanding

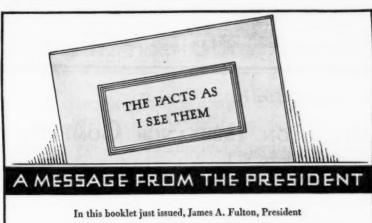
8. Throughout the relationship of Home Office, Agency and Field man there is a remarkable spirit of unity, cooperation and understanding. Needs and developments are quickly sensed and improvements in equipment or organization are made as changing times create the need. This was one of the first companies to adopt the Preferred Risk Plan. It was one of the pioneers with the Family Income Plan. It was first with its unique Educational Agreement Plan. The newly recognized investment interest in Life Insurance has been recognized with policy contracts attractive as investments. In the matter of agents' contracts, the Home Life has been among the first to add Vested Renewals. As the future opens up new trends and ideas, the Company will continue to respond with this spirit of understanding and will supply future needs as rapidly as conditions warrant. This is more than a matter of agent's benefitit is a service to the Policyholder which adds to Company prestige at large.

Friendly Spirit

9. The picture of the Company's attitude is, perhaps, most clearly given in this statement made by Ethelbert Ide Low, Chairman of the Board, at the initiation of the present program of expansion:

"I am ambitious that this Company shall not only give to its policyholders the ultimate in Life Insurance service, but that it shall be a good Company to work for. I want it to offer to the men and women associated with it the widest scope for the exercise and development of their abilities and the opportunity to go just as far as those abilities and their ambition will carry

Every move which has been made since-every move which will be made in the future-contemplates carrying out the spirit of this statement.



of this Company, talks directly and personally to the man who is contemplating entering the Life Insurance business. If you would be interested in seeing a copy, it will be a pleasure to send you one, upon request.



A COMPANY OF OPPORTUNITY

success.

Complete Equipment

5. One result of this type of leadership is an equipment which is complete in all details. Home Life agents have in their kit a complete array of saleable contracts, meeting every modern need. Further, they have at their command modern equipment for aiding in the sale of these contracts, not the

the factors which make for agency type of business and attracted a higher type of agent. It has distinctly made the Home Life a Preferred Company.

Liberal Contracts

7. The contracts given those who associate with the Home Life are among the most liberal in effect today. In addition to the usual features has been added the principle of Complete Vested Renewals-no penalties or deductions in case of termination for

VIEWED FROM NEW YORK

By GEORGE A. WATSON:

ARNOW IS PRESIDENT

Arthur Arnow was elected president of the General Brokers Association of of the General Brokers Association of the Metropolitan District at its annual meeting. Vice-presidents are Harry Broadman, Julius Margolias, S. N. Schwartz, W. J. McLaren, G. G. Sulli-van; secretary, L. Jacobs; assistant sec-retary, J. Wank; treasurer, A. Prussoff; executive committee, J. A. Donohue, B. E. Frank, N. Greenbaum, D. M. Her-stein, P. Simon and L. J. Smith.

* * * EXCHANGE CUTS FLOATER RATES

The New York Exchange has brought out reduced rates on garment manufacturing floaters. The rates are: For a 10 percent limit of liability in any one building, 2.137; 25 percent limit in any one building, 2.612; restricted to exclude women's or children's garments; 10 percent limit of liability in any one building, 1.90; 25 percent limit, 2.375. B. E. Gendar of Lewis & Gendar was elected to the executive committee, succeeding S. T. Perrin, resigned because of his election as vice-president of the ex-

change. H. J. Robinson, Phoenix Aschange. H. J. Robinson, Phoenix Assurance, was elected member of the arbitration committee to succeed E. W. Nourse, resigned. Prentiss B. Reed, Phoenix Assurance, has been elected chairman of the executive committee, and A. J. Smith of Zweig, Smith & Co., vice-chairman. It also was announced that the Grehore & Richardson and Howie, Jarvis & Wright agencies have been consolidated into Grehore & Richardson, Inc. Violations of exchange rules in November resulted in 25 penalties being assessed with \$4,620 fines. alties being assessed with \$4,620 fines.

OIL HEAT MEN GIVE THANKS

The Oil Heating Institute is capitalizing on the action of the New York Fire Insurance Rating Organization in changing its oil burning system permit to allow the installation of two inside fuel oil tanks. Heretofore it was necessary to enclose one of the tanks in machine in the control of the control of the control of the control of the tanks in machine in the control of the control of the tanks in machine in the control of the tanks in machine in the control of the control sary to enclose one of the tanks in masonry or place it underground and the insurance rate for dwellings was 20 cents per hundred, increased to 45 cents when the second tank was installed. The Oil Heating Institute is putting out pub-

Recognizing the important part played by insurance in the general business structure the Brooklyn chamber of commerce has formed as one of its divisions merce has formed as one of its divisions the general insurance council, apppointing as chairman B. W. Blakely of the long established brokerage firm of Benedict & Benedict. Incidentally the firm as originally constituted was Beecher & Benedict, the senior member being a son of the late Rev. Henry Ward Beecher. With offices both in Brooklyn and in New York City, the firm has long controlled one of the finest insurance brokerage businesses of the country, includerage businesses of the country, including among its accounts a number of leading street and steam railways.

* * * *
SIMPLIFICATION OF REPORTS

licity to the effect that home owners in New York state will benefit by the change. Gratitude is expressed to W. J. Ward, secretary of the New York Fire Insurance Rating Organization and David Hinckley, secretary Eastern Underwriters Association.

* * *

HEADS BROOKLYN COMMITTEE

Recognizing the important part played

Recognizing the important part played

Recognizing the important part played was reduced to 160, and in 1929 was cut down to 28, the opinion being that such number would afford all necessary in-formation as to the types of losses. The data is carefully compiled, every effort being put forth to make for accuracy.

At one time loss classifications were held to be for the sole benefit of the particular company compiling them, some offices going so far as to have the work performed behind closely barred doors. The demands of different states for proper loss experience as a guide to rate sanctioning compelled associated effort by all companies and led to the launching of the actuarial department of the National Board a number of

vears ago.

HIGHER EXPENSE RATIOS

Fire insurance companies this year will show higher ratios. Very few will come out below 50 percent. With premiums off and interest earnings down the overhead is naturally increased regardless of the effort to prune various items. Company officials realize that gardless of the effort to prune various items. Company officials realize that about the only way to reduce the expense ratio is to increase the premium volume. However, new business is difficult to get. There is not the opportunity to add to premium income and get desirable business.

* * *

DEMONSTRATE SPRINKLERS

For the benefit of the Fire Insurance Examiners' Association of New York, a demonstration of the efficiency of sprinkler protection was given by the management of the Automatic Sprinkler Company of America at its plant in this

QUESTION OF PROFITS TAX

An interesting question now engaging An interesting question now engaging the attention of federal authorities and of eminent private legal coursel, which may be carried to the United States Supreme Court for final determination, is as to the right of the internal revenue department to collect an income profits tax on stock of an insurance carrier received in exchange for that of an absorbed or merged corporation of like character, where it can be shown that as a result of the general business depression the stock secured in exchange, instead of yielding a profit, has resulted instead of yielding a profit, has resulted in a material loss.

The contention of the government is understood to be that as the exchange understood to be that as the exchange of shares evidenced a profit at the time of the transaction, the amount should have been incorporated in the tax returns of the respective shareholders, regardless of subsequent shrinkage in the value of the stock.

ATTITUDE TOWARD DIVIDENDS

It seems to be the general impression that a number of companies will reduce their dividends next year owing to shrinkage in security values. Officials see the necessity of safeguarding surplus. Interest earnings are off owing to reductions in dividends on several stocks held. While many officers will be able to meet present dividend allotments out of actual earnings, all see the necessity of creating more surplus.

Joins Underwriters Adjusting

Frank E. Hathorn, Fort Dodge, Ia., independent adjuster, has been appointed resident adjuster in charge of the Fort Dodge office of the Underwriters Adjusting. Mr. Hathorn was at one time manager of the Wichita Falls, Tex., office of the Southwestern Adjustment Company and prior to that was an Iowa field man for the Hanover Fire and later for the home of New York.

INCORPORATED 1799

PROVIDENCE WASHINGTON INSURANCE COMPANY

of Providence, R. I.

Capital \$3,000,000

Surplus to Policyholders, \$11,159,491

INCORPORATED 1928

Anchor Insurance Company

Providence, R. I.

Organized and Owned by the Providence Washington Insurance Co.

Capital \$1,000,000

Surplus to Policyholders \$1,563,657

Each of these Companies writes the following classes of Insurance FIRE-TORNADO-OCEAN and INLAND MARINE AND THEIR ALLIED LINES AUTOMOBILE-FIRE, THEFT and COLLISION

COMBINED POLICIES

AUTOMOBILE—FULL COVERAGE GOLFERS' EQUIPMENT and LIABILITY .WITH

MARYLAND CASUALTY COMPANY

INCORPORATED 1832

VIRGINIA FIRE AND MARINE INSURANCE COMPANY

Richmond, Va.

Capital \$500,000

FIRE SPRINKLER LEAKAGE Surplus to Policyholders \$1,671,770

TORNADO AUTOMOBILE INSURANCE

WESTERN DEPARTMENT: 175 W. Jackson Blvd., CHICAGO, J. R. Cashel, Manager

Salesman, Producer, Servicer

Give the agent any title you wish— insurance salesman, producer or servicer—he remains the chief entity in the fire insurance business.

Of course he is a salesman. It often requires salesmanship to make an assured take protection he ought to have, especially when it is not strictly fire insurance.

When the agent places business he has obtained in a company, he is exercising his function as a producer.

As for the title of servicer, which he is given in some quarters, he is rendering service constantly during the life of a policy, whether it is by improving physical hazards, going over an insurance portfolio or doing something else for a client.

All this work can't be done by the agent entirely alone. From time to time he must have advice, suggestions and help in solving his problems.

Such assistance we are always ready to give. In fact that is the foundation-stone of C. & R. Companies.

CORROON & REYNOLDS

Incorporated
Insurance Underwriters
Manager

92 William Street

New York, N. Y.

American Equitable Assurance Company of New York Capital, \$2,000,000.00

Bronx Fire Insurance Company of the City of New York Capital, \$1,000,000.00

Brooklyn Fire Insurance Company Capital, \$1,000,000.00

GLOBE INSURANCE COMPANY OF AMERICA (Established 1862)

Philadelphia, Pa. Capital, \$1,000,000.00

INDEPENDENCE FIRE INSURANCE COMPANY Capital, \$1,000,000.00 Philadelphia, Pa.

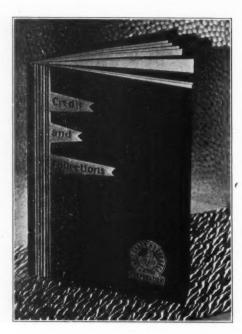
KNICKERBOCKER INSURANCE COMPANY OF NEW YORK Capital, \$1,000,000.00

MERCHANTS AND MANUFACTURERS FIRE INSURANCE Co. Newark, N. J. (Chartered 1849)

Capital, \$1,000,000.00

NEW YORK FIRE INSURANCE COMPANY (Incorporated 1832)
Capital, \$1,000,000.00

REPUBLIC FIRE INSURANCE COMPANY OF AMERICA Pittsburgh, Pa. (Incorporated 1871) Capital, \$1,000,000.00



And So Is the Road to Bankruptcy---

Good intentions and strong resolutions, however often repeated, won't improve your credit and collections position. You'll have to knuckle down and do something about it. But what to do?

Some suggestions are in this new booklet, one of our ways of helping agents help themselves. Won't you send for yours now? Just clip out this advertisement and pin it to your card or letterhead.

The LONDON ASSURANCE Corporation

150 William Street, New York

Tested by Fires of Three Centuries

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FRANK J. BUCHER, President

WM. F. KRAMER, Secretary

Organized 1865

The RELIABLE FIRE INSURANCE COMPANY DAYTON, OHIO

Surplus to Policyholders \$1,069,375

An independent Ohio Company with a record of more than 60 years of honorable dealing with Agents and Assureds

MORRISON & TOWNSEND

H. W. CORNELIUS, Specialist Insurance and Bank Stocks

Members Principal Exchanges

Tel. Franklin 3424

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Southampton Torrington

London

underlin's new book, "AUTOMOBILE INSURANCE" is a valuable brief on practically every question arising in the law of automobile insurance. Bound in limp leather. Single py \$18. Order from The National Underwriter.

Country Seeking Rightful Levels

(CONTINUED FROM PAGE 3)

ceivers. The conditions that brought on panics in the past as they are reviewed today, could lead to no other road than

what actually followed.

The banking situation in this country today is probably due to "too much banking." There were too many banks, too much unwise banking, too many men in banking who knew little about it. Methods adopted by the farmers in producing one crop in great abundance in many sections and going beyond all bounds in raising products that contributed to an already big over-supply naturally has not helped the agricultural naturally has not helped the agricultural situation. Altogether, the country is suffering from lack of vision, sagacity and wisdom shown in agriculture, industry, commerce and finance.

Want Government Not to Encroach

Practical men of affairs who have delved into the subject naturally cannot predict when a change upward will be manifest. Certainly, the time will not come until people and business are ad-justed to lower levels and a saner course. It is generally hoped in business centers that the government will not try to run outside activities too much. For inoutside activities too much. For in-stance, there seems to be criticism of the administration encouraging a home building plan at a time when the coun-try is over built. There are plenty of modest homes to be bought today with-out building any more. That plan in out building any more. I hat plan in the opinion of many runs counter to a basic principle. Observers take the ground that nothing can be gained from building more homes—there are already too many.

There seems to be a general agree

ment that there must be a public upris-ing and a strong expression of public opinion against an increase in governopinion against an increase in governmental expenditures. That is one of the most ominous clouds in the sky. Our tax burden is becoming too great. There are too many people feeding at the public crib. There are too many governmental activities and these have

ncreased expenses enormously.

This certainly is a time when leaders in all lines should work together toward a reestablishment of wise and constructive ways of living and doing business. No country can defy economic funda-mentals and expect not to pay the pen-

Will Changes Be Fundamental?

Naturally if the period through which the country and, in fact, the world is passing means entirely a new order—economic, financial, business and social—and this is an epoch-making history time instead of a cycle of depression following a war and years of unprecedented prosperity, an entirely different attitude should be assumed and another course should be pursued. If Mr. Lippman is right then there will have to man is right then there will have be an entire reorganization of civiliza-tion and its machinery. If on the other hand, as most economists believe, this is simply a reaction to an orgy of speculation, extravagance and over-produc-tion then history can be studied, the world will right itself when sanity returns and obligations are met and we will again see brighter days but with

few fundamental changes.

The depressions that have fallen America, for example, occured in 1814-20; 1837-42; 1857; 1873-79; 1882-84; 1893-95; 1907; 1920-21. As one studies these interesting periods, in some respects they were worse than conditions confronting the country today. For instance the depression of 1837 saw busithan are found today. Likewise the panic of 1873 was worse than that of today. One thing can be said and that is that America is far better able to stand the strain of depression than it

was in former years. Far-seeing economists, therefore, do not agree with Mr. Lippman and take the position that America is not con-

fronted with any gigantic upheaval in her method of doing business and living but that in due season the depression will have subsided and prosperity will again follow. But there will be other periods of depression in the future. It is certain that history repeats itself

ture. It is certain that history repeats itself.

One writer recently made this observation: "Prosperity will be hastened if our private and public policies are even measurably wise and if our people insist upon strigt economy in the operation of their government, federal, state and local. It will be hastened if our government discontinues its unwise at tempts to assist the farmer by artificial tempts to assist the farmer by artificial measures and if the demagogue is restricted in his effort to secure federal funds for all sorts of groups and for all sorts of enterprises."

To Discuss Issue with State Men

(CONTINUED FROM PAGE 3)

within the province of the casualty com-

panies.

Warned by Superintendent Conway that unless a sharp check was put on the assumption of too broad forms of contracts, restrictive legislation would be sought, the marine underwriters agreed to conform to the ideas of the agreed to conform to the ideas of the department, and went so far as to effect an arrangement with the casualty offices as to the writing of mercantile stocks. The assumption was at the time that the limited nature of the understanding would be extended later on. A year's operation under the agreement proving unsatisfactory, the casualty men again appealed to the department, pointing out what they termed the manifestly unfair competition of the marine offices, and declaring that in all fairness if these institutions were to be privileged to grant casualty coverages, privileged to grant casualty coverages, the restrictions on the casualty companies should be removed so that competition might be upon a plane of equal-

Aroused Over Personal Property Floater

Notably were the casualty underwriters aggrieved at the announced inan all-risk personal property floater granting certain forms of indemnity which it was asserted were beyond the powers contemplated by the law when granting their charters.

Representatives of the marine and casualty companies at a meeting late last month agreed upon a set of principles concerning coverage on goods on consignment subject to export and import rules. It is expected that they will soon be able to arrive at an understanding on other issues now before them.

Subscriptions to World's Fair Pool Now Requested

(CONTINUED FROM PAGE 4)

The practical management and opera-tion of the pool will be conducted in the office of the Underwriters Grain Association under the management of W. L. Lerch. In general, according to the announcement, the pool will be conducted in the same manner as is now used by in the same manner as is now used by the Grain Association for the handling of grain insurance. The premiums will be payable to the office of the pool and after deducting the necessary operating expenses and brokerage at the rate of 15 percent, which is the authorized scale under the rules of the Chicago Board, the balance will be remitted to the com-nance. The brokerage deducted will be panies. The brokerage deducted will be payable to agents, members of class 1 of the Chicago Board, for each company in the proportion authorized by the com-

pany.

The attorneys are Mr. Lerch, Ernest Palmer, general manager, and Jay S. Glidden, associate manager Chicago Board. The committee of the Chicago Board which worked out the arrangement consisted of P. B. Hosmer, F. J. Sauter and C. W. Seabury.

Insu the late membe I. Reir cago n Exchai A. Blu Reinha also in Stiegli

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Hov secreta Intercago South filled, by C change duties board ILLI

Goose day for advisa each cided Club plans tersde Amer

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CHICAGO NEWS

DALLAS MEN IN CHICAGO

Insurance men will be interested to know that S. L. Reinhardt, Jr., son of the late S. L. Reinhardt, who was senior member of the general agency firm of I. Reinhardt & Sons of Dallas, is Chicago manager for the New York Stock Exchange firm of Halle & Stieglitz. A. A. Blum, who was connected with the Reinhardt office for many years, is now also in the Chicago office of Halle & Stieglitz. Stieglitz.

MOTOR CLUB CHANGE

Howard M. Brown has resigned as secretary and general manager of the Inter-Insurance Exchange of the Chicago Motor Club and is returning to South America. His office has not been filled, his duties now being performed by C. M. Hayes, president of the exchange as well as president of the motor club. Mr. Hayes is engaged in these duties at the direction of the advisory board of the exchange.

* * *

ILLINOIS BLUE GOOSE LUNCHEONS

A special meeting of the Illinois Blue Goose was held in Chicago last Monday for the purpose of discussing the advisability of holding weekly luncheons each Monday noon. It was finally decided to hold the first at the Midland Club Jan. 4. This will be a get-together affair with no scheduled speakers. A committee to develop further plans and to determine which will be advisable as a permanent feature was appointed, consisting of: John T. Harding, Millers National; R. F. Woltersdorf, Atlas, and C. J. Lingenfelder, America Fore.

M. G. Egbert, assistant western mana-

M. G. Egbert, assistant western manager of the North America, is on the sick list, being confined to his home with an attack of lumbago.

- F. N. Andren, attached to the loss department of the Phoenix of Hartford in Chicago, who had been in the service of that company for 38 years, died suddenly at the age of 68.

Dunham Tempers Valuation Stand

(CONTINUED FROM PAGE 3)

sioner Dunham, in commenting upon this stated that he would welcome an opinion from this office as he believed it would merely further strengthen his

position.

Since his stand was announced Col. Dunham has been subject to severe pressure in many forms which include the writing of anonymous letters, threats of writing of anonymous letters, threats of law suits and injunction proceedings and other resorts. He has held steadfastly this opinion, however, and when pressed harder merely shrugs his shoulders with the comment "Don't guarrel with me; if you have any disagreement regard-ing the law go to the state legislature and have it altered. I don't make laws. I enforce them."

The outcome of the matter is still in

The outcome of the matter is still in bubt. There is definite assurance that June 30 values will not be used but on the other hand it is now certain that there will be temperance and discretion applied by Col. Dunham rather than a hard and fast rule.

F. J. Breen Is Honored

F. J. Breen, secretary of the National F. J. Breen, secretary of the National Union Fire, was tendered a dinner in Pittsburgh on the ocasion of his birthday. The function was an entire surprise to the guest. His associates in the National Union headed by chairman of the Board John S. Fisher, President J. M. Thomas and Vice-President H. A. Yates gathered to do him honor. Mr. Breen was formerly connected with the National Board before going to Pitts-

burgh with the National Union. He has attracted wide attention because of his work.

Retry South Carolina Case

The action instituted against the Fire-men's of Newark by the state of South Carolina in 1928 because of the company's acceptance of business from a bank agent, which the insurance commissioner refused to license, is to be re-tried. It was non-suited in the original trial. An effort will be made by the state to collect \$500 penalty, and if the action is successful like demand will be made upon a number of other fire companies upon similar grounds.

Assistant Secretary Clark Dead

P. W. Clark, assistant secretary of the P. W. Clark, assistant secretary of the North America group, died at his home Sunday morning from heart attack. He felt ill Saturday and did not go to the office. He started in an insurance brok-er's office in New York City and in 1906 became special agent for the North America traveling in western New York America, traveling in western New York for a number of years. He was made assistant secretary of the Alliance in January 1924 and later was given a sim-ilar title for the other companies in the

Decision in Oregon Case

WASHINGTON, D. C., Dec. 16.— Announcement by the United States Supreme Court of a per curiam opinion affirming the interlocutory injunction granted the Northwestern National by the Oregon district court, restraining the state from collecting the \$500 licensee fee for "additional" agents of fire companies, returns the case to the Oregon court.

Without Prejudice

The high court said its action was "without prejudice to further consideration of the merits of the cause and without prejudice to the power and duty of the district court, as specially constituted, to inquire and determine whether the court has jurisdiction, both in relation to the amount involved in the controversy and with respect to the right of the complainant to maintain this suit in equity."

The statute limits a fire company to one agent for each city, town and vil-lage, with a \$2 license fee; one addi-tional agent may be licensed in cities of 500,000 or more population; by payment of \$500 annual license for each addi-

tional appointment, other agents may be named.

The Oregon district court granted the injunction on the grounds that the stat-ute discriminated between foreign and domestic companies and that it was an domestic companies and that it was an unreasonable and arbitrary regulation of the business. That decision came after the Oregon supreme court upheld the validity of the statute.

James McIlrath Resigns

NEW YORK, Dec. 16.—James Mc-Ilrath, connected with the Home for the past 22 years and for a time assistant manager of its marine department, has resigned as of Jan. 1 to enter the general brokerage business in this city. He was formerly president of the postal conference and long prominent in the councils of taht body and of the related tourist baggage organization.

C. W. Bailey's 55th

C. Weston Bailey, president of the American of Newark and of the Na-tional Board, celebrated the 55th anniversary of his connection with American Dec. 15. He was presented with a handsome bouquet of flowers, the gift of the officers of the American of Newark and the Bankers Indemnity.

FIRE ASSOCIATION OF PHILADELPHIA

THE RELIANCE INSURANCE COMPANY



VICTORY INSURANCE COMPANY

OTHO E. LANE, President JAMES G. MACONACHY, Vice-President J. VICTOR HERD, Secretary

CONSTITUTION INDEMNITY COMPANY OF PHILADELPHIA

OTHO E. LANE, President FRANKLIN VANDERBILT, Vice-President and General Manager

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THE NATIONAL UNDERWRITER

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Insurance Camaraderie Minus Partisanship

METROPOLITAN LIFE was not only a per-There were gathered together at this dinner perhaps the most representative body of insurance men from all classes of the business that ever assembled. The standing fraternalists on hand, topnotchers from companies, organizations and allied interests were there. The insurance commissioners were ably represented.

At the great casualty convention held every year at White Sulphur Springs there are gathered together more prominent cas-SURANCE PRESIDENTS and the AMERICAN LIFE CONVENTION there is a greater array of life insurance executive talent. At the assembly of executives in the fire field, character and genius,

THE dinner in New York City last week At the meetings of the NATIONAL CONin honor of James Victor Barry on his Vention of Insurance Commissioners retirement as third vice-president of the there are more supervising officials present. At assemblages of the organizations comsonal tribute to a man who has contributed prising the AMERICAN MUTUAL ALLIANCE much to the business but it went beyond there is a larger outpouring of conspicuous executives in the fire and casualty mutual fields. At the meetings of the NATIONAL FRATERNAL CONGRESS there are more out-

However at the Barry dinner there was gathered in one room a body of most eminent men in insurance from all these lines. After all insurance has something in common. Once in a while this point is brought to the front. At the Barry dinner partisan, trade and sectional differences were buried. ualty and surety men. At the annual It mattered not whether a man belonged to gathering of the Association of Life In- an organization or not. The complexion of his company was not questioned. The standard bearers of insurance-a great business-were on hand. The dinner emannual meeting of the NATIONAL BOARD phasized the vastness of an enterprise di-OF FIRE UNDERWRITERS there is a larger rected by men of such eminence, stability,

Need for Keener Political Sense

LIFE INSURANCE PRESIDENTS there were payers and are not getting our money's some facts presented that could well engross the minds of us all. They had nothing to do with insurance primarily but they had much to do with every business primary system for nominating candidates and every man in a larger way. For instance some of the speakers called attention to the constant increase in taxes due to the extended expenditures in national, public life the unqualified and unfit. It state, county, township and municipal governments, school districts, etc. One out of every 17 people is drawing his pay from the public treasury. That is out of all bodies must be curbed. There are too

AT THE meeting of the Association of ism. We are becoming a nation of tax

Vice-President ALFRED HURRELL of the PRUDENTIAL criticized the present direct for office. He said that this system had forced men to seek office rather than the office seek the men. It has brought into has kept away from public office men who should be there.

Vice-President BANCROFT GHERARDI of the American Telephone & Telegraph proportion to what it should be. Taxing Co, in his address said that the Bell system pays \$84,000,000 a year in taxes. He many bureaus, too many people connected stated that in making up the budget for with the government, too much paternal- next year his corporation knew that one

PERSONAL SIDE OF BUSINESS

John R. Cooney, formerly assistant manager of the Pacific Coast department of the Firemen's group, who was recently appointed executive vice-president at the home office, was guest of honor at a stag banquet in San Francisco Dec. 11. Earlier in the afternoon Mr. Cooney was presented with a hand-some solid silver service, the gift of employes and officials of the group in the entire coast territory.

W. J. Capron, treasurer Pawtucket Mutual Fire, died at the age of 52. He had been with the mutual ten years.

Christian Johnson of the Christian Johnson & Son, Racine, Wis., gave a bandit a warm reception in his office. The man entered the office and asked permission to use the telephone. After it was given, the bandit whipped out a revolver, ordering Mr. Johnson to "stick 'em up." Instead of doing so, Mr. Johnson launched a swift uppercut, striking the bandit in the temple and flooring him.

A local man passing the office entered to ascertain the trouble. As he came in the bandit jumped to his feet and escaped, although he was pursued by both men.

The Ottawa, Ill., "Daily Republican Times" carries a department every day entitled "Daily Chats." Some business or professional man writes the material about the field he covers. Last Friday the article was by W. I. Harris, well known local agent of Ottawa, in which he gave some hints on insurance from he gave some hints on insurance from the fire standpoint.

President J. K. Shepherd of the American Association of Insurance General Agents went from his home in Little Rock, Ark., to New York last week to be present at the meeting of the National Convention of Insurance Commissioners. Mr. Shepherd's organization now regularly represented at these

Gerald D. Gregory, vice-president and manager of the American National Fire, Columbus, O., this week commemorated the 30th anniversary of his entering the insurance business. Mr. Gregory went to Columbus eight months ago from New York to take over the management of the company.

Horace M. Boyd, who is retiring at the end of the year as Chicago branch manager for the Royal, will continue residing at the Hamilton Club in Chicago. Mr. Boyd will occupy himself with some of his personal business at his personal business as hi fairs before making a decision as to his future plans.

James B. Floyd, chief underwriter in the farm department in the western of-fice of the America Fore companies, died on board a United Fruit Company boat heading for New Orleans following a cruise through the Gulf of Mexico and Caribbean Sea. He was 60 years of age. Mr. Floyd started with the farm department of the old Phenix of Brook-

item would be increased and that would be taxes.

Senator CAPPER of Kansas said the time had come to bury extreme partisanship. At present he said that one party is trying to prevent others from doing anything, Therefore any constructive move by one party is blocked by another. Mr. HUR-RELL took the ground that business men, high grade citizens and thinking people must take a deeper interest in political and civic affairs in an attempt to bring about conditions that will attract more conscientious, more able and more substantial people to public office.

lyn 44 years ago. He was one of the oldest employes in point of service with the company. His father was a local agent in Chicago for many years. He was a descendant of the Floyd who signed the Declaration of Independence. Funeral services were held in Chicago Wednesday afternoon.

Fred W. Sullivan, assistant secretary in the western department of the Firemen's of Newark at Chicago, who has been appointed secretary to succeed J. R. Cooney in charge of the Pacific department, and who has been on the coast sizing things up, has returned to Chicago for his family.

H. H. Krause of the marine department of the St. Paul Fire & Marine is ment of the St. Paul Fire & Marine is one of the few important insurance executives in the country who can look down from his office window on the spot where he was born. The home office is just one block from the corner where the Krause family lived when the St. Paul Fire & Marine official arrived on the scene some 40 years ago. Mr. Krause has been with the St. Paul 21 years.

Miss Jean Rathburn, daughter of Merle C. Rathburn, head of the insurance department of the First Trust Company, Lincoln, Neb., was chosen as honorary colonel at the University of Nebraska annual military ball. She was inducted into office with great ceremony, in the presence of General Pershing.

E. H. Lederer, local agent at State E. H. Lederer, local agent at State College, Pa., is also burgess of the town of State College. He has received much publicity by reason of his unusual methods in dealing with lawbreakers. Instead of sending malefactors to jail, Mr. Lederer makes them attend Sunday school or church. The fees for hearing cases he turns over to the community. He represents the Northwestern F. & M., Pennsylvania, Hanover, and Fire Association.

George M. Randall of Boston, whose insurance experience extended over 35 years, died at the age of 79. He started with the Mercantile of Boston and then became associated with the Boston became agency of the American of Newark.

John A. Hanson of Detroit, former manager of the Western Adjustment there, who is now in a hospital at Winona, Minn., where his sister resides, is in a critical condition. Mr. Hanson has been suffering from a disorder for some time. On going to Winona, he was stricken acutely and taken to a hospital. He formerly traveled in the pital. He formerly traveled in the northwestern field and is well known in that section. He is former most loyal grand gander of the Blue Goose.

Thomas B. Thompson of Denver, member of the Braerton, Simonton, Brown general agency, knows his football. He was one of the winners in the nation-wide radio poll conducted by Hart, Shaffner & Marx and the Cottrell clothing store of Denver to select an all-American football team. Mr. Thompson will receive his choice of a suit or overcoat, one of the 50 second prizes.

Warren Griffith has organized the California Standard Insurance Agency, of which he is president, to operate a general agency in California. He was general agency in California. He was formerly head of the general agency of Warren Griffith & Associates, represent-ing the Carolina in California, which representation it is understood will continue in the new agency.

THERE is much to be gained in studying the man who has made a success. While his methods cannot be adopted they can be adapted. Behind every successful career there is some great motive power.



THE DISCOVERY

THE discovery of dishonesty in a trusted employee always comes with a shock of disappointment to the employer.

Moreover, it is but rarely that such a discovery is made in time to prevent a serious monetary loss falling upon the business.

An habitual attitude of suspicion is distasteful to most employers, but protection of assets is imperative.

The bonding of all employees who are entrusted with cash or negotiable paper is to be recommended as an impersonal, business-like solution of the problem.

A series of advertisements having to dowith the Agent's part in saving Life and Property



A reduced number of losses means Lower Rates

Indemnity Insurance Company of North America

PHILADELPHIA

FIRE INSURANCE NEWS BY STATES

OHIO AND WEST VIRGINIA

A. C. Guy Heads Committee for 25th Anniversary Celebration in February of Ohio Blue Goose

Plans for celebration of the 25th anniversary of the Ohio Blue Goose are now under way with the appointment by Most Loyal Gander J. H. Burlingame of the founder's day-silver jubilee committee. Fifteen of the charter members who were initiated Feb. 5, 1906 at Columbus, are still active in the pond and they will be blooped at a dispersion and they will be honored at a dinner in Columbus Feb. 1. A large class will be

The committee will select the location, toastmaster, speakers and entertain-ment and decide on all details of the program, including memorial services, presentation of badges to charter mem-bers, initiation of goslings and adminis-

tration of the obligation.

The committee held an organization meeting Monday, meeting with the en-tertainment committee and the pond of-

Members of the committee are Allen C. Guy, chairman; H. H. Chittenden, B. F. Flood, W. J. Gilsdort, W. C. Howe, D. C. Morgan, Arthur Lohmeyer, E. A. Reid, R. H. Richman, J. S. Tuder, E. E. Heasley, Jr., Walter Plangman, R. R. Lippincott and John Rygel.

Auto Club Ruling Delayed

The illness of Attorney General Bettman of Ohio, who has been afflicted for several weeks with a ruptured blood vessel in one of his eyes, making it difficult for him to read, has delayed the department's opinion on the application of the Cincinnati Automobile Club Insurance Exchange to write automobile insurance for the Motorists Mutual of Columbus. The case was heard by Mr. Bettman some time ago, and it was an-Bettman some time ago, and it was an-nounced then that the situation as it existed before the previous ruling was handed down would continue. It is understood that the Cincinnati club is writing automobile insurance, as well as the automobile clubs in Canton and Youngstown, which have incorporated exchanges similar to that in Cincinnati. It also is understood that the Newark Automobile Club is preparing to organize a similar insurance agency.

Novel Idea Adopted at Dayton

New ideas in spreading the gospel of fire prevention are constantly being developed by the safety council division of the Dayton (Ohio) chamber of com-

Pond Plans Silver Jubilee | merce. The latest of these is a 5x7 inch merce. The latest of these is a 5x7 inch gummed label to be attached to wooden barrels that are being used by some housekeepers and others for the storage of ashes. Imprinted on the label in bright red ink is the warning "Wooden barrels are dangerous for hot ashes and combustible refuse." All ash collectors of the city are furnished with of the city are furnished with a supply of the stickers and instructed to paste one on each wooden barrel they find used for this purpose. The fire depart-ment is enthusiastic over the matter, and Fire Chief Carver anticipates worth-while results from a general adoption of the idea.

Insurance Society Reorganizes

CLEVELAND, Dec. 16.-Announce-CLEVELAND, Dec. 16.—Announcement is made of the reorganization of the Insurance Society of Cleveland, which is affiliated with the Insurance Institute of America. New officers are: President, A. D. Gale, Hoyt W. Gale, Co.; vice-president (fire), Robert Bright, B. T. Duffy & Co.; vice-president (casualty), John Kysela, Joseph A. Kysela Co.; secretary-treasurer, Jock John, Jr., W. F. Ryan Co.; directors, Frank Kysela, Joseph A. Kysela Co., and Gertrude O'Brien, G. G. O'Brien Agency.

Names Unemployment Probers

Governor White of Ohio, complying with instruction from the Ohio legisla-ture, has appointed a committee to study unemployment insurance and make a re-port at the next session of the general assembly.

Ohio Notes

The Bureau field club of Ohio has post-poned its annual election until June. A. F. Lindemann of the Lindemann & Lindemann Agency, Delphos, O., died suddenly of a heart attack.

Mt. Sterling and Mt. Gilead, O., are eing rerated by the Ohio Inspection

Bureau.

Edward Klick is chairman of the Cincinnati Underwriters Association nominating committee to nominate candidates for three positions on the board of governors for 1932. Other members are Fred Fessenden, Cliff Sears, Henry Eckes and William Stredelman. Members of the board whose terms expire this year are Eugene Buss, Charles Rothier and J. Gano Wright.

Rothier and J. Gano Wright.

A new agency combination in Cincinnati, Heister-Muellen-Murphy, Inc., will be located at 606 First National Bank building. The members of the firm are Lester Murphy of the Murphy, Zoller Company and A. T. Mullen, J. P. Heister and L. M. Brown, who have been with the Heister-Huntington Company. Fred Huntington, who was in the Heister-Huntington Company, is now operating his own office in the American building.

Named Councillor



ATWOOD JENKINS

At a meeting of the directors of the At a meeting of the directors of the Indiana Association of Insurance Agents in Indianapolis last week, with President Alexis Coquillard of South Bend presiding, it was decided to launch a campaign to increase the membership to 500 this coming year if possible. Atwood Jenkins of Richmond, past president was appointed national councillor. dent, was appointed national councillor for Indiana. It was agreed to hold a mid-winter conference of members in connection with Indiana Insurance Day Jan. 19.

Jan. 19, according to Ralph Colby, gen-

James Elton Bragg, professor of insurance in New York University, will conduct an all-day sales school for life men and it is expected some 500 agents from throughout the state will attend this school.

The fire and casualty interests will have a separate program for the morning and afternoon sessions.

Fisher Detroit Speaker

DETROIT, Dec. 16.—The Detroit Association of Insurance Agents held a dinner meeting last night with Charles T. Fisher, Jr., secretary-treasurer for the seventh reserve district of the National Credit Corporation, as the speaker. Members of the Casualty & Surety Field Club of Michigan were invited to

Postpone Ordering Maps

attend.

DETROIT, Dec. 16 .- The advertisby the Michigan Association of Insurance Agents for distribution by its membership have been shelved for the time being, since the advance orders did not reach the 100,000 necessary to our anter a low price. Since automobile driving is curtailed in the winter months, it was decided to put off contracting for the maps until spring.

Push New Building Code

INDIANAPOLIS, Dec. 16.-The National Board building code is being pushed by the Indianapolis Real Estate Board for adoption by the city council. The board is also investigating some features of the Detroit building code. A Vash Young of New York City, one of the leading producers of the Equitable Life of New York, and author of a very successful book, "A Fortune to Share," will be the principal speaker at the banquet of Indiana Insurance Day, look also investigating some features of the Detroit building code. A requirement of performance of materials committee of the National Convention of Insurance Commissioner Mortensen of Wisconsin, appearing before the fire insurance committee of the National Convention of Insurance Commissioner in New York, called attention to the fact that under a new law of his state it becomes incumbent on the commissioner to rec-

which building costs will be reduced without a lowering of standards of ma-

Accept Half Dues

DETROIT, Dec. 16.—The governing committee of the Michigan Association of Insurance Agents has authorized George Brown, executive secretary, to accept one-half the assessed dues of the members to March 1, and many are availing themselves of this privilege, he reports. reports.

Michigan Notes

Walter J. Cunningham has sold a half interest in the Grosse Pointe, Mich., In-surance Agency to Joseph C. Murphy.

H. P. Woodworth, vice-president and director of the Michigan Shoe Dealers Mutual Fire, died at his home in Lansing at the age of 65.

Clayton W. Cook, former agent John Hancock Mutual Life, has opened the Auto Insurance Agency, writing general lines, at 1009 Guaranty Trust building, Detroit.

News of States in the Northwest

Wants Politics Eliminated

Milwaukee Chief Urges Reorganization of State Fire Marshal's Office on Civil Service Basis

MILWAUKEE, Dec. 16.-Reorgan-MILWAUKEE, Dec. 16.—Reorgan-ization of the state fire marshal's de-partment on a civil service basis was suggested by Peter Steinkellner, Mil-waukee fire chief, in an address before the Milwaukee Board. He also charged that district attorneys for political reathat district attorneys for political reasons have refused to prosecute persons who confessed arson. The chief declared the state organization of fire chiefs is making an effort to obtain the names of these district attorneys and that when and if they are obtained he will make the facts public. This year, he said, there have been five cases of this kind, where deputy state fire marshals have obtained confessions but have been refused warrants. Giving the fire marshal's organization complete charge

been refused warrants. Giving the fire marshal's organization complete charge of all arson cases, preventing political interference from county politicians, was urged as a remedy for this condition.

F. R. Daniel, chief engineer Fire Insurance Rating Bureau, discussed reduction of fire loss and commented on the good record which Milwaukee has made. Allen A. Bayley of the city building inspection department discussed ing inspection department discussed building construction and its relation to fire loss. Frank Lachenschmidt, chief fire loss. Frank Lachenschmidt, chief of the fire insurance patrols, also spoke briefly.

New board members elected include M. N. Green, E. J. Engelhardt and Arthur West of Green, Englehardt & West; Allen R. Falbe and James L. Vallee of the Falbe-Vallee Company and L. M. Kesselman.

Classification in Wisconsin

Insurance Commissioner Discusses Proposed Schedule He Is Preparing to Get the Experience

Commissioner Mortensen of Wiscon-

CENTRAL WESTERN STATES

Insurance premiums on all classes of business in Indiana last year amounted to \$131,738,210, there being 804 licensed companies of various kinds in the state. During the year ending Sept. 30 fees and taxes collected by the insurance department amounted to \$2,035,345. The appropriation for the department was \$72,000. The net fire premiums of stock companies were \$13,643,486, losses \$8,869,912, other premiums in the stock companies were \$6,041,512 with losses business in Indiana last year amounted

Figures for Indiana Shown
Premiums on All Classes of Insurance
as Reported by the State
Commissioner

\$2,782,006. The mutual fire companies reported in premiums \$1,795,656 and losses \$1,027,788. The stock casualty premiums were \$16,259,026 and losses \$8,296,733. The mutuals had premiums \$2,854,335 and losses \$1,437,401. The reciprocal premiums were \$2,886,766 and

Vash Young Banquet Speaker for Indiana Insurance Day

LOYALTY GROUP-

TRUE OPTIMISM

True Optimism is Faith; Faith in Humanity; Faith in the Nation; Faith in its Institutions; Faith in Yourself; Faith in the Present; and Faith in the Future.

False Optimism is Hope based on Desire.

Pessimism is compounded of lack of Faith in all that True Optimism is founded upon, and is acknowledgment of unbelief in self, too often coupled with the wish to profit through the misfortunes of others.

History, that Just Judge of Humanity, reads the record and inexorably records the verdict.

The Verdict is, always has been, and always will be that True Optimism is justified and its results proven: that False Optimism cannot last because of its unsound foundation; and that Pessimism cannot prevail, but must ever fail because of its inherent untruth and viciousness.

History records that the world progressed, and was in every way better and more prosperous in the year 100 than in the year 1 A. D., History records that the world progressed, and was in every way better and more prosperous in the year 1000 than in the year 100 A. D.; History records that the world progressed, and was in every way better and more prosperous in the year 1000 than in the year 1000 A. D.; and History will continue to record the progress of the world, and this record will show the year 2000 in every way better and more prosperous than the year 1900 A. D. It is reasonable to believe, and it is wise to believe, and most people do believe that the year 1931 will be in every way better and more prosperous than the year 1930. Voice, therefore, your belief by word and act and aid it to come true in fullest measure.

Almost two thousand years ago a wise teacher and leader of men said:

"Now Faith is the substance of things hoped for, the evidence of things not seen" Today Faith is as then. Today, as then, True Optimism is Faith. Thinking men must be and are True Optimists. That individuals have suffered misfortunes in the past and many have succumbed, and that individuals will suffer misfortunes in the future and more will succumb, cannot be denied, but such misfortunes, however hard for the individuals, are after all individual misfortunes and will not, in fact cannot stay the world march of progress and prosperity.

Do not be ashamed of your True Optimism, and do not be afraid to express it because you fear some pessimist may ridicule it and tell you that some day he will say "I told you so". Have courage and make known your True Optimism by voice and deed; make known your Faith in Humanity; make known your Faith in your Nation; make known your Faith in the Future; make known your Faith in Yourself; and make known your Faith that the tide has turned and that Prosperity has its hand stretched to knock at the door, and will surely enter if we but heed it, instead of harkening to cowardly fear.

NEAL BASSETT, President.

JOHN KAY, Vice-President and Treasurer A. H. HASSINGER, Vice-President WELLS T. BASSETT, Vice-President

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WELLS T BASSETT, Vice-President
WELLS T BASSETT, Vice-President
A. H. HASSINGER, Vice-President
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JOHN KAY, Vice-President

WELLS T. BASSETT, Vice-President

A. H. HASSINGER, Vice-President

ARCHIBALD KEMP, 2d Vice-President

MILWAUKEE MECHANICS' INSURANCE COMPANY

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THE METROPOLITAN CASUALTY INSURANCE COMPANY OF NEW YORK

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NEAL BASSETT, Chairman of Board

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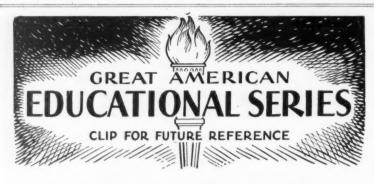
LOYAL TO PRINCIPLE—TO LOYAL AGENTS, LOYAL—



THE AMERICAN GROUP

The American Insurance Company Bankers Indemnity Insurance Co. The Columbia Fire Insurance Co. Dixie Fire Insurance Company





WHY MUST CASUALTY INSURANCE COMPANIES SET ASIDE RESERVES FOR LOSSES AND **CLAIM EXPENSES?**

The obligations of the company to claimants under policies and bonds effective during the year may continue far into the future; under worker's compensation laws pensions may be paid throughout the life of beneficiaries; in cases involving liability insurance, court procedure may defer the actual payment of claims for years. The total losses created by claims must be charged against the premiums of the period in which the claims arise. Estimates of the aggregate funds required to liquidate each individual claim are established. From these are deducted actual payments on such claims. 'What remains at the close of the year constitutes a reserve sufficient to discharge obligations which continue. The calculation of this reserve, in large measure, is defined by law.

Great American Indemnity Company CASUALTY New Bork SURETY We'll gladly answer your questions

THE LONDON & LANCASHIRE INSURANCE COMPANY

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> **OVER FIFTY YEARS** OF CONSTANT AND LIBERAL SERVICE TO ASSUREDS AND AGENTS

> > Writing

FIRE, TORNADO, EXPLOSION, RIOT MOTOR VEHICLE, EARTHQUAKE INLAND MARINE, AUTOMOBILE

> GILBERT KINGAN Manager HARTFORD, CONN.

CHARLES E. DOX Manager Western Dept. CHICAGO, ILL.

WM. W. GILMORE Manager SAN FRANCISCO

ommend a classification sheet for fire insurance companies, they to report their premiums and losses each year. Mr. Mortensen said in his comment that he would regard it as unfortunate to have a different classification than that of the actuarial committee of the National Board to which all companies send their experience on a plan approved by the commissioners.

He said that the official rater of his

He said that the official rater of his state had worked out a classification and Commissioner Mortensen was suband Commissioner Mortensen was submitting it for suggestion and criticism. Under the Wisconsin law, he said, rates may be reviewed on complaint of an interested party or on the initiative of the commissioner. His tentative sheet shows 12 classifications. Under the revised National Board schedule there are 26 classifications. The proposed Wisconsin classes would be slow burning, moderate burning, free burning, intense burning, flash burning, manburning, moderate burning, free burning, intense burning, flash burning, manufacturing (not otherwise specified), public buildings, dwellings, miscellaneous (not otherwise specified), seasonal risks, farm and sprinklered risks. He said that in addition there would be a provision for farm tornado experience and tornado experience on other kinds of property as well as sprinkler leakage. A subcommittee of the fire insurance committee of the National Convention of Insurance Commissioners will take up the classification with Commissioner Mortensen and see if some uniformity can be worked out.

St. Paul Has Good Record

ST. PAUL, Dec. 16.-Unless there are some serious losses in the next two weeks, St. Paul will come through the year with comparatively moderate fire losses.
Capt. John Townsend of the insur-

ance patrol estimates losses to date at \$700,000, compared with \$1,044,000 in 1930. There were no real heavy losses this year, the largest so far being an apartment house fire, \$65,000. The only other large loss was \$35,000 on a ware-

Minnesota Drive Successful

ST. PAUL, Dec. 16.-Preliminary returns on the campaign for new members conducted by the Minnesota Association of Insurance Agents are very gratifying,

Secretary W. S. Gilliam reports. Detailed figures have not yet come in from the eight districts into which the state was divided for the campaign but it is believed that the goal of a 50 percent increase in membership will be reached. R. J. Lilly was chairman of reached. R. J. Lilly wa the campaign committee.

Belson Given Leave of Absence

MILWAUKEE, Dec. 16.-Walter W. MILWAUKEE, Dec. 16.—Walter W. Belson, for the past six years executive secretary-treasurer of the Insurance Federation of Wisconsin, will become executive-secretary of the Wisconsin Allied Truckowners Association Jan. 1. Rather than accept Mr. Belson's resignation as secretary of the Wisconsin Federation the executive committee decembers. Federation, the executive committee de-cided instead to extend to him a leave of absence for six months, in the hope that some plan can be worked out which will prevent him from leaving

Miss E. E. Krueger was named assistant executive secretary for the federation for the period of the leave of

End Fire Prevention School

MILWAUKEE, Dec. 16.—At the final session of the Milwaukee fire prevention school H. W. Lange of the Underwriters Laboratories, Chicago, described the construction and operation of various fire extinguisher types. Frank of various fire extinguisher types. Frank R. Daniel, chief engineer of the Fire Insurance Rating Bureau, Milwaukee, was chairman of the committee sponsor-ing the school.

E. A. Rich in Law Firm

Ernest A. Rich, who since his retirement as general counsel for the Belt Casualty of Chicago this summer, has been working in the liquidation of the Federal Mutual Automobile of Milwaukee, has now joined in the formation of a law firm at Minneapolis. The other members of the firm are M. S. Robb and H. M. Frohne. They will operate under the title Robb, Rich & Frohne with offices in the Metropolitan Bank build-

John A. Brooks, head of the Brooks Agency, Chippewa Falls, Wis., has been elected treasurer of the Northern Wis-consin State Fair Association,

IN THE MISSOURI VALLEY

Is Necessary to Pay Brokerage Commission

JEFFERSON CITY, MO., Dec. 16. Superintendent Thompson announces that his department will strictly enforce a ruling issued Jan. 1, 1930, that "pay-ing a broker commissions without hav-ing on file a duplicate copy of said brohig on hie a duplicate copy or said bro-ker's license which has not expired, will be considered cause by the superinten-dent to refuse to issue, suspend or re-voke said agent's license."

S. W. Pile, chief clerk, says it has been found that some agents are so lax in this regard that the department has decided to experiment the believed the

decided to examine the books of the agencies in question to determine to whom brokerage commissions are paid and to ascertain whether or not the rul-ing regarding duplicate brokers' licenses is being adhered to.

The ruling is intended to prevent rebating by paying commissions to persons who are not actually in the insurance business.

F. T. Priest Recites What Agent Gets for His Money

To Enforce Missouri Ruling

Association of Insurance Agents Frank
T. Priest, national councillor, recites an impressive list of accomplishments of the National association and of the Kan-

sas association.
As accomplishments of the National As accomplishments of the National association he listed: agents' ownership of expirations; Chrysler-Palmetto insurance scheme; direct writing—Hoover Dam bond; forestalled reduction in compensation commissions to a level of 2½ percent; business reciprocity program; standard automobile identification certificates and responsibility pledge.

As accomplishments of the Kansas association he listed settlement of the eight-year rate suit resulting in return-

eight-year rate suit resulting in return-ing to the agents' 50 percent of their commission; National Automobile Serv-ice Association selling insurance service; state highway commission and insurance on private automobiles; state fire marshal's office; Santa Fe employes solicited for autumobile insurance by Chicago Lloyds; National Rural Letter Carriers' Association automobile insurance; Oklanders Rural Rural Letter Carriers' homa-Kansas auto license squabble; the committee on publicity and education; combating non-agency company adver-tisements; appointments made contrary to conference agreement and blanket group insurance automobile accessory dealers.

Strohm Appeals to Farmers

DES MOINES, Dec. 16 .- In an ap-In urging Kansas agents to sign the responsibility pledge of the National Marshal Strohm advised them that 15 percen wasted making such extra This y hooves and st less lo Mr.

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percent of the net earnings of farms is wasted annually by fire. With this large loss as a basis for the appeal he was making he proceeded to list the causes of such waste and urged farmers to take extra precautions for its elimination. This year, he said, when the farmers are in the throes of economic stress, it be-hooves them more than ever to guard their homesteads, buildings, machinery and stock against that 15 percent needloss

Mr. Strohm says that reports on file in his office show a constant increase in fire losses in rural districts year after

Blue Goose Honors Harris

WICHITA, Dec. 16.—James M. Harris, former Kansas special agent for the North America, now manager of the Upsher & Upsher general agency of Oklahoma City, was honored with a dinner here by the Kansas Blue Goose. Mr. Harris is a past most loyal gander of the Kansas pond and a charter mem-ber of the Central Kansas Field Men's which joined in the dinner honor-

or of the Central Kansas Field Men's Club, which joined in the dinner honoring Mr. Harris.

N. K. Nelson, Great American, past most loyal gander, extended greetings from the pond. J. F. Snyder, St. Paul, spoke for the Central Kansas Field Club and Dwight Smith of the Smith, Stone & Snyder agency, Wichita, for Mr. Harris' former agents. Other speakers were Ray Puckett, insurance manager of the Boston Store, Wichita, and J. D. Dickerson, probate judge of Sedgwick county. Col. Sam F. Woolard of the American Central presented Mr. Harris with a picture on behalf of the Blue Goose. Ewing B. Fergus, Kansas Inspection Bureau, was toastmaster.

with losses of \$156,810, as against 247 for \$189,348 in November, 1930. Kansas losses so far this year are nearly \$500,-000 less than in 1930. Mr. Graham gives fire prevention activities in the state credit for the reduction.

Dwellings continue to suffer the ma-jority of the losses, 104 dwelling fires being reported in November for a loss of \$56,534.

Missouri Notes

The annual Christmas dinner of the St. Louis Blue Goose will be held Dec. 21.

The local agency of the late D. R. Sisson at Kirksville, Mo., has been bought by C. F. Gardner. Mr. Sisson died late in November.

Carl S. Lawton, vice-president Lawton, Byrne & Bruner Insurance Agency and president Missouri Insurance Council, has been elected a director of the St. Louis chamber of commerce.

Louis chamber of commerce.

Latest reports from Joseph A. Carlin, treasurer of the Weis & Harding Adjusting Co., St. Louis, shows slight improvement. His condition is still critical. Several blood transfusions have

Kansas Notes

A new eight-page manual of instruc-tions for school teachers has been pre-pared by Douglas Graham, Kansas state fire marshal. It contains the state laws relative to fire protection and fire drills.

The Kansas Inspection Bureau has published new rates for Chanute. Newton has been reinspected because of improved fire protection and new rates will be published late this month.

Willard Quinn of the Kansas Under-writers, Wichita general agency, was elected president of the Kansas Asso-ciated Garden Clubs at the annual con-vention in Wichita and H. D. Baker of the Citizens Insurance Agency, Wichita, vice-president.

Kansas Losses Still Lower

Kansas fire losses dropped \$32,548 in November, compared with the same month last year. Only 206 fires were reported to State Fire Marshal Graham,

STATES OF THE SOUTHWEST

SAN ANTONIO, TEX., Dec. 16.— At its annual meeting the San Antonio Insurance Exchange elected the follow-Insurance Exchange elected the following officers: President, Earle B. Ramsdell, Johnston-Ramsdell agency; vice-president, Frank C. Gittinger, Rhode & Gittinger; secretary, Francis F. Ludolph, F. F. Ludolph & Co., reelected; directors for two years, R. B. Harding, Mayerick, Harding & Price, and W. R. Levy, Levy, & Levy Levy, Levy & Levy.

There was a full attendance and an

interesting discussion of the issuance of licenses. The exchange is watching and checking licenses issued in San Antonio. The members feel that the issuance of only approximately 300 licenses for San Antonio agents and solicitors as against several thousand issued in Dallas is a matter for congratulation. This is believed to be a factor in maintaining San Antonio's creditable fire record. Efforts have been directed against miscallaneous have been directed against miscellaneous licensing and 265 applications for part-time solicitors have been withdrawn. A report on the recent insurance commis-sion bearing on licenses for San Antonio was made.

An amendment to bring casualty men under the rules of the exchange is to be voted on early in the coming year.

During the year the exchange has had a membership of 68, but due to con-solidations now has 65 members.

Oppose New Oil Drilling

San Antonio Exchange Elects

E. B. Ramsdell Is New President—
License Situation Reviewed at
Annual Meeting

SAN ANTONIO, TEX., Dec. 16.—
At its annual meeting the San Antonio Insurance Exchange elected the follow-

City officials have already granted two special permits in the prohibited district in the southeast part of the city and there is much speculation as to just what will result from such violation of the zoning law.

Dallas Losses Reduced

DALLAS, Dec. 16.—A reduction of \$110,586 in Dallas' November fire loss, compared with November, 1930, was ac-complished through vigorous fire-fight-ing and campaigning against arson. Fire Marshall Thompson announced. In the last four months losses have shown a decline of \$123,948. The total loss in November was \$64,294, of which \$62,561 was insured. In November, 1930, the total loss was \$174,880, with \$168,604

Bonner Succeeds W. H. Hunter

In succession to the late W. H. Hunter the Commercial Union has appointed W. E. Bonner, general agent for Texas, with office in Dallas. Mr. Bonner has been associated with the Commercial Union since 1921 when he entered its Texas department. He is thus prepared to take up Mr. Hunter's work.

Dallas Women's Club Active

OKLAHOMA CITY, Dec. 16.—Strong opposition has developed to the city officials granting a permit to John

DALLAS, Dec. 16.—The Insurance Women's Club of Dallas, according to Blanche Bastian, president, and Hattie Weaver, past president, has had an out-

Agents are human beings-we treat them that way

A LIFETIME spent in the local agency business enables officers of the Kansas City Fire and Marine to understand agents and know what they like and want in a company. Naturally, this company has been carefully built with the agents' viewpoint foremost.

Our agents know that we understand and appreciate their problems, With them we have experienced the fatigue, fears, disappointments and thrills of the real fighter. Having worked on the firing line as local agents, we have seen an agent smile when he lost a good line, stand the abuse of customers over a bad adjustment, be discouraged on failing to collect a premium and thoroughly disgusted when unable to get his viewpoint over to his company. Our understanding and help in solving problems facing agents has made our agents most loyal and satisfied with this Kansas City company. If you desire sympathetic understanding and constructive help based on real experience you will find this company a real addition to your agency.

Kansas City Fire and Marine

Insurance Company

Chicago, Ill. Insurance Exchange

Organized and man-

aged by R. B. Jones &

Sons, Kansas City,

Chicago

Kansas City, Mo. Federal Reserve Bank Bldg.

GEO. M. EASLEY and COMPANY General Agents

DALLAS Representing only financially sound stock insurance

Fire Bonds Casualty

National Inspection Company

This corporation reports on the underwriting aspects of heavy manufacturing and mercantile properties throughout the following states:

Michigan Wisconsin

companies in TEXAS

Indiana Illinois lowa Nebraska Missouri Managed by Kansas Tennessee Oklahoma

J. G. Hubbell

H. B. Chrissinger 176 West Adams St., Chicago, Ill. R. L. Thiele

standing year despite the alleged de-pression, both from a standpoint of new membership and accomplishments.

The outstanding social event of its

season was a dinner party the evening of Dec. 15, with Gordon S. Yeargin, secretary Trinity Fire, as the guest of honor and principal speaker. Miss Bastian and her various committees already have a full program mapped out for the new

Hearing on Policy Guaranties

AUSTIN, TEX., Dec. 16 .- A hearing is being held by the Texas insurance commission here today to determine whether one company can legally guarantee the policies of another. This practice has been increasing in Texas, and because of a question as to its legality the hearing was called.

Entertainment Fund to Charity

The Texas Blue Goose at its regular monthly meeting at Dallas last week decided to postpone its holiday entertainment program for the time being and instead to turn over \$200 to the Dallas Community Chest Council for the city's needed charities.

Texas Notes

The Perry Claims Service Company, Dallas, has moved its El Paso office to the First National Bank building. Other offices are maintained in Fort Worth and

Wichita Falls. The El Paso office is under the direction of M. V. Thompson.

The San Antonio Blue Goose has discontinued its weekly luncheons until after the first of the year.

North America has opened a service office in the Maverick building, San Antonio, with L. A. Dakin in charge.

Oklahoma Notes

T. E. Whittle of the Whittle Insurance gency, Ardmore, Okla., was married re-ently to Miss Virginia Shaw.

J. N. Fly has purchased the Fa Insurance Agency, Fairfax, Okla., merly owned by J. J. Quarles.

At a meeting of the local board of Mangum, Okla, plans were outlined for a campaign to improve fire loss conditions and secure lower rates.

Arkansas Notes

A. F. Minor and A. E. McCartney have purchased control of the Phillips & Ference of the Fidelity & Deposit in Arkansa for several years.

The E. M. Warner agency, Springdale, Ark., and the Security Insurance Agency, owned and operated by J. N. Covey, have consolidated and will be known as the United Insurance Agency.

Frank Merritt has taken over the in-surance business formerly conducted by the First National Bank of Lake Village, Ark. He has been manager of the in-surance department of the bank for sev-eral years.

Steve R. Philpot, formerly with local agencies at Bentonville, Ark., has purchased the controlling interest in the Insurance Credit Corporation of Siloam Springs and Bentonville, the former Hutchings Credit Corporation.

IN THE SOUTHERN STATES

Collections Become Paramount | that the agent may square up or at least

No Painless Process for Handling Situation-Expect Number of Agencies to Close

BIRMINGHAM, ALA., Dec. 16.-Many fire and casualty agents find themselves at a critical point since it is time to make remittances of company balances. Special agents are more insistent than usual on this point and especially with agencies which have here-tofore been rather slow. Since agents find it hard to do any cash business they are consequently handicapped in remitting promptly.

Some Policies Shifted

Company representatives are more interested in collections than new business right at present and are even suggesting to agents that business be cancelled out in order that balances may be cut down. Where one agent represents several companies the special agents are getting together to help save the situation. Where no other way out can be seen policies are shifted from one company to another or cancelled in order

that the agent may square up or at least put off the day of reckoning.

Agents and company representatives are finding there is really no painless process of handling the situation. As a result a number of agencies will be closed out on the first of the year. There will be mergers of others. An effort is being made to put transactions on as much of a cash basis as possible.

much of a cash basis as possible. Fortunately many agents learned their lesson last year and have operated more on a cash basis this year, passing up business that looked bad and keeping clear with the banks. They will be able to carry on although with much less volume of business.

New Demands Made

NEW ORLEANS, Dec. 16 .-- A de-NEW ORLEANS, Dec. 16.—A demand has been made upon the Louisiana Insurance Commission that the stock fire companies licensed in Louisiana answer 38 questions regarding rates and customary classifications.

The commission announced that it will hold a special meeting Dec. 22 to pass upon the demands and petitions submitted on sprinkler-equipped risks by William M. Campbell and William M.

Railey. Railey. The hearing began with the question of whether there is discrimination in the matter of fire insurance rates on sprinkler equipped risks. Mr. Campbell contended that in New Orleans such risks receive a 20 percent re-duction in rates that similar risks in Shreveport and other parts of the state do not get. He asked for a 25 percent do not get. He asked for a 25 percent reduction throughout the state on all sprinkler equipped risks.

Nashville Woman's Club

NASHVILLE, TENN., Dec. 16.— The Woman's Insurance Club of Nashville, of which Miss Annie Mae Goodman is president, now has a membership of nearly 100 women in fire and casualty insurance offices. The club has resulted in more uniformity of insurance writing in Nashville, more cooperation among the various offices and a tion among the various offices and a higher standard. The annual dinner-dance, to which

The annual dinner-dance, to which the employers are invited, this year was in charge of Mrs. Florence Lawler. of the Tennessee Inspection Bureau. Speakers were Commissioner J. I. Reece and Dr. Gus Dyer on "The Personality and Loyalty of Women in Business."

Enforcing New Florida Law

ORLANDO, FLA., Dec. 16.—The Florida department of insurance is showing great activity in enforcing the new agency qualification law. W. G. new agency qualification law. W. G. Annam, special deputy in charge of investigations, left here last week for Miami, Fort Meyers, Tampa, Lakeland, Winter Haven and perhaps other places. He will check up on applicants whose major time is not to be given to insurance, those whose intentions seem to be to cover only property which they, members of their families or employes own or control, and any who may be own or control, and any who may be securing business from person or per-sons not licensed as agents or brokers.

No Action on Dock Order

NEW ORLEANS, Dec. 16 .- Directors of the Louisiana Rating & Fire Prevention Bureau at their last meet-ing formally received but did not dispose of the order of the Louisiana insurance commission to promulgate the sub-mitted lower fire insurance rates on all dock property and commodities on docks with the elimination of the pro-posed charge of 10 percent for combustible fibers.

Employers Casualty in Louisiana

writes a participating fire policy in Texas, the New Orleans agency is auto-matically barred from membership in the New Orleans Insurance Exchange.

May Lower Mississippi Ratio

JACKSON, MISS., Dec. 16 .- Al-JACKSON, MISS., Dec. 16.—Although fire losses are running to a high figure in Mississippi as the year-end approaches, the loss ratio will not be quite as high as in 1930, in the opinion of Commissioner Ben S. Lowry. "While the ratio necessarily will be high and rather close to the 82.5 percent figure of 1930, a lessening in the tendency to over-insure and the work of the fire marshal's office. I believe will account for a decline," Commissioner Lowry said. The ratio in 1930, with premiums of \$6,142,872 and losses incurred \$5,066, 456, was the highest since 1925, when the percentage figure was 83.7.

R. C. Gifford Advanced

LOUISVILLE, Dec. 16.—Ralph C. Gifford, executive vice-president of the First National Bank of Louisville, has been elected president of the bank and affiliated institutions, including the First Kentucky Fire & Marine, to fill the vacancy caused by the death of John M.

Monahan.

He is one of the Louisville directors of the National Credit Corporation, the finance organization suggested by President Hoover.

Protest Commission Cut

AUGUSTA, GA., Dec. 16.-President ACGUSTA, GA., Dec. 16.—President Scott Nixon of the Georgia Associa-tion of Insurance Agents has sent a let-ter to its members asking them to write Commissioner Harrison protesting the 2.5 percent reduction in commission on workmen's compensation. "We feel that workmen's compensation. "We feel that this decision was done without consideration from the agents' point of view," said Mr. Nixon. "Workmen's compensation insurance requires more attention and work than any other type that we write and a cut in our remuneration is taking away from us what little profit we earn."

Give Fire Lectures

ATLANTA, GA., Dec. 16.-The Insurance Library Association of Atlanta has secured a large enrollment for the fire insurance courses in connection with the Insurance Institute of America.
The course has been augmented with a lecture program that brings to the student body some of the best thought of REMPloyers Casualty in Louisiana

NEW ORLEANS, Dec. 16.—The Employers Casualty of Texas has qualified in Louisiana to write fire and tornado lines. W. S. Campbell is manager, with headquarters in the Canal bank building. He announced that the company will write a straight fire and tornado policy in Louisiana and will appoint only non-recording agents, all policies being written in his office. Because of the fact that the Employers

dent body some of the best thought of local insurance circles. Last night M. Stockton, Hartford Fire, talked on "Insurance," Alex W. Smith, Atlanta attorney, will discuss "Legal Cancellations," Jan. 5. Edgar Dunlap, Dunlap & Company, local agency will speak Jan. 19 on "Business Production—Agency System." The February schedule will include "Moral Hazard Inspection Reports," by E. J. Hardin, Retail Credit Company and "General Covers—I. U. B." by W. M. Hous-

A 1932 resolution

RESOLVE in 1932 to advise your clients against the dangers and hazards connected with the use of gasoline, benzine or other flammable materials for cleaning. Suggest safe Oakite methods instead. For no reputable concern in these times can afford to risk business loss through condoning the use of flammable or explosive materials for cleaning. Oakite materials, used in water solutions, are safe, and equally important, inexpensive. Write for FREE booklets containing practical information on the fields you cover. No obligation. No obligation.

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ton, Continental, March 1, H. H. Hirsch, president Georgia Field Men's Association, will discuss "Field Man and His Problem." E. T. Gentry, Atlanta adjuster, will talk on "Loss Adjustments" March 15. R. A. Palmer, Southeastern Underwriters Association, will close the lecture course on March 29 with "Insurers: Stock, Mutual, Lloyds and Reciprocals."

Greer Is Montgomery Speaker

MONTGOMERY, ALA., Dec. 16.—
"Competitive Agents" was the subject of Superintendent C. C. Greer at the monthly luncheon meeting of the Montgomery Exchange at the Jefferson Davis hotel. He stressed the importance of agents studying their particular line of business, keeping up with what line of business, keeping up with what going on, so that they can give the

Mr. Greer alluded briefly to the growing tendency toward "branch office business" the past few years, and declared ness" the past few years, and declared it was due chiefly to the agents' lack of work, failure to study, and a wrong

mental attitude.

He suggested means of meeting mutual competition, outlining several arguments, which he felt would meet such

competition despite lower mutual rates.
Mr. Greer thanked the local board for its cooperation on matters of public concern, especially in the Southern Bell Telephone case.

Atlanta Situation Unchanged

ATLANTA, Dec. 16.—The problem of company branch offices in Atlanta is apparently retarding the progress of committees from the Atlanta Association of Fire Insurance Agents, who are trying to better local agency conditions in Atlanta. Herman Haas, president of the local board, has refrained from making any public statement as to details of the problems that deter the completion of the work of his committees. He is still confident that a way out will be found and that all parties will be pleased, even if some have to make slight sacrifices in order to meet the proposed new rules and regulations. ATLANTA, Dec. 16.-The problem

is to be found open comment to the effect that the final plans are being delayed because of a lack of a gettogether spirit on the part of branch office

Tobacco Situation Hurt Collections

LOUISVILLE, Dec. 16.—Special agents have been plugging hard on balances for the past couple of weeks and as a rule are reporting that the sheets are not anything to brag about, it being mighty hard the steets are not anything to brag about, it being

mighty hard to get balances in.
Some of the field men claim that the Tobacco was expected to pull rural country out of the hole. Bankers were predicting a 10 cent average, which would release \$50,000,000 to the state, figuring a bumper crop of over 500,000,000 pounds in all. However, dark tobacco in western Kentucky is averaging 2½ cents and burley over the state is being bought for 8 cents or less.

Richmond Agencies Merge

The B. A. Ruffin & Co. agency of Richmond has merged with Ortega, Robins & Race under the name of the latter firm. L. A. Ruffin continues with the consolidated agency. Ben A. Ruffin, widely known in insurance circles and a past president of the Lions International, was chairman of the board of that agency but was not actively affiliated with it. iated with it.

Assessments Not Taxable

The Mutual Assurance Society of Virginia, commonly known as the "Old Mutual," has been sustained by the United States board of tax appeals in its contention that assessments levied against members to cover losses and expenses, but which were held when these costs were paid from other funds, are not taxable as income.

The Duncan McDonald Insurance Agency has opened for business at Miami, Fla. Mr. McDonald was formerly treasurer of Gautier, Terry & Mackin-tosh, which has been taken over by the Newman-Butler-MacVeigh Company.

ON THE PACIFIC COAST

with Board Men Follows That in Northern California

SAN FRANCISCO, Dec. 16.—In line with the action of agents of northern California in agreeing to the inclusion of the three-fourths value clause in farm policies and a slight raise in rates on certain properties, southern California agents, meeting in Los Angeles, made substantially the same agreement with representatives of the Pacific Board.

Rates Are Discussed

While no substantial raise or change in rates is to be made until the farm committee and representatives of the agents have gone thoroughly into the problems, it was agreed that an increase is to be made where terra cotta chimneys, gas or oil stoves are used. Whether the basic rate will be raised with credit for non-use of this type of equipment or whether the rate will remain as at present, with an extra charge main as at present, with an extra charge for their use, has not yet been deter-

Present at the Los Angeles meetings, representing the Pacific Board were: A. T. Bailey, chairman executive committee; J. C. Dornin, chairman farm committee; B. F. Sifford, alternate member executive committee, and H. F. Badger,

Among those representing the agents were: Eugene Battles, chairman executive committee, California Association

Agents Accept Farm Changes of Insurance Agents; Mac O. Robbins, Santa Ana; Percy H. Goodwin, San Diego; Francis McDowell, Riverside; George Winterbotham, Riverside; M. E. Beebee, Anaheim; Frank Savage, San Bernardino, and Thomas Bromley, Po-

Will Confer on California License Application Form

SAN FRANCISCO, Dec. 16.—Representatives of the California Association of Insurance Agents are to meet with Commissioner Mitchell Dec. 18 to discuss the present license application form and a supplemental form suggested by the agents. A number of other phases of the enforcement of the agency qualification law enacted by the 1930 legislature will also be acceptabled.

This meeting is the result of charges made by some of the agents at the Los Angeles convention in September that the department was lax in the enforcement of the new provisions. The agents also feel that the present license applica-tion form does not cover the whole situation or give a true and complete picture as regards qualification of the applicant other than along educational lines and

other than along educational lines and that the department cannot correctly estimate the ability, capabilities or background of the applicant from it.

Representing the association at the meeting will be: P. S. W. Ramsden, president; Eugene Battles, chairman exceptive compittee. William Menn meaning that the continuous compittees will be seen to be a second to the compittee of the continuous compittees. ecutive committee; William Menn, manager Los Angeles Insurance Exchange, and first vice-president California association; R. L. Patterson, H. B. Scud-

However, in local agency circles there | der and Frank Colridge, executive sec- | writers Feb. 1, after 22 years of service.

"Tilikums" Give Banquet to Honor Blanchard, Quitzow

SAN FRANCISCO, Dec. 16.—"The Tilikums," composed of former field men in the Pacific Northwest, met at a banquet here, honoring H. P. Blanchard, who recently retired as secretary of the Fireman's Fund companies, and V. H. Quitzow, who will retire as accountant of the New York Under-

writers Feb. 1, after 22 years of service.
Considerable merriment was added to
the occasion by the receipt of a wire
from present field men in the Pacific
northwest, couched in the Chinook
language used by the Siwash Indians in
that territory and from which the "Tilikums" (meaning "friends") gets its
name. The telegram was signed by ten
members of the organization in Seattle
and Portland. and Portland.

Although a number of the original members of "The Tilikums" which was organized in 1909, have passed to the "happy hunting ground," the "Hyas Tyee" or "Big Chief" elected at the

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time of organization 22 years ago, still carries on in the person of Frank L. Hunter, Pacific Coast manager of the Norwich Union, who presided at the banquet. Among those present were F. M. Branch, A. C. Thornton, R. P. Fabj, G. A. Crux, C. R. Thompson, H. R. Burke, M. H. Thomson, C. A. Craft, Dixwell Davenport, H. R. Jackson and I. A. Murphy. J. A. Murphy.

Report as to Pacific American

SAN FRANCISCO, Dec. 16.-There is a persistent report in San Francisco that the Liverpool & London & Globe will reinsure the Pacific American Fire. T. H. Anderson, manager of the Liverpool, states any announcement must come from Lee H. Phillips, president of the Pacific American.

B. & L. Test Suit Filed

SALEM, ORE., Dec. 16 .- On behalf of the Oregon Insurance Agents Union, suit has been filed against the Investors Syndicate by J. E. Montgomery, the object being to determine whether or not building and loan and mortgage companies have the right to insist upon writing insurance in connection with

Members of the Union are making contributions to defray the cost of the

N. W. General Agency Changes

The Washington General Agency of Seattle, D. C. McKee, manager, is opening Oregon for the Detroit Fire & Marine. Fred C. Haupt will supervise the business in Oregon.

McCollister & Campbell, Seattle, gen-

eral agents, have relinquished the Pa-cific Coast Fire to Bell & Co., Seattle, who will represent the company in Washington and Oregon.

Harris in Los Angeles

LOS ANGELES, Dec. 16.-I. Charles Harris, of San Francisco, grand gander of the Blue Goose, was the guest of honor at "old timers' night" of the California pond, and spoke on the group life insurance plan of the order, urging ganders to take advantage of the privilege by filing their applications before lege by filing their applications before Jan. 1.

Larke Talks on Fire Prevention

SAN FRANCISCO, Dec. 16. Thomas Larke, Jr., prominent San Francisco broker, formerly chairman of the fire prevention bureau of the Junior chamber of commerce, was the speaker at the Dec. 14 luncheon meeting of the



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Turner Reelected by Brokers

SAN FRANCISCO, Dec. 16 .- Charles SAN FRANCISCO, Dec. 16.—Charles H. Turner has been re-elected president of the San Francisco Brokers Exchange, along with the following officers: First vice-president, T. P. S. Brown; second vice-president, Milton Meyer; board of governors, R. D. Connolly, Norman E. McFadden and Charles L. Wehe, and arbitration committee, John G. Levinson and Stephen

Malatesta. A vote of thanks was given the officers for their handling of the earthquake problem.

Hillegas Gets Connecticut

E. N. Hillegas of Salt Lake City, special agent for the Clifford Conly office in San Francisco, after Jan. 1 will travel for the Connecticut as well as those companies he is now represent-ing, covering Utah and southern Idaho.

IN THE MOUNTAIN FIELD

Companies' Rocky Mountain Branch Begins Operations Under C. F. Wilson and George Webster

DENVER, Dec. 16.—The Rocky Mountain department of the Fire Com-panies Adjustment Bureau began opera-tions here last week with W. E. Hill, New York, assistant manager, here to supervise the concluding steps of organization. He was assisted by Charles F. Wilson, mountain manager, here to Wilson, mountain manager Southwestern Adjustment Company, and George Webster, Webster-Deeds Ad-justment Company. Mr. Wilson has been appointed ex-

Mr. Wilson has been appointed executive supervisor of the new concern which is being fostered here and in other sections of the country by the National Board, and Mr. Webster has been named manager. The Southwestern Adjustment and the Webster-Deeds companies will be discontinued and the businesses of both have been assigned to the new bureau. Preparations for the change have been under way for several months, but the announcement

Adjustment Bureau Starting of its actual consummation last week caused a ripple of surprise here since it was not expected before Jan. 1.

it was not expected before Jan. 1. The bureau will be operated with the combined staffs of the two adjustment companies which it is succeeding, and will serve in Colorado, Wyoming and New Mexico. The branch offices formerly conducted by the Southwestern Adjustment at Albuquerque and Roswell, New Mexico, will be continued by the bureau, and Mr. Webster said that as soon as practicable additional branches will be established at advantageous points in both Colorado and tageous points in both Colorado and Wyoming.

Salida Rerated

Inspection and rerating of Salida, Colo., has been completed by the Mountain States Inspection Bureau in accordance with readjustment of the rate structure in the mountain field two years ago. The new rates are published in book form, and were effective Dec. 12. Salida is placed in class 7 protection, the same as before.

The Colorado Blue Goose will hold its mid-winter splash in Denver Dec. 26.

EASTERN STATES ACTIVITIES

Begins Independent Operation of Delaware-Maryland Department of Henry L. Rose & Co.

Hart Cooper, who recently purchased the business and good will of the Dela-ware-Maryland department of Henry L. Rose & Co., has already made a good start in the business. He is located in the Delaware Trust building, Wilmington. His territory includes Delaware, the border line counties of Pennsylvania, New Jersey and the eastern shore of Maryland and Virginia. He is exclu-

or Maryland and Virginia. He is exclusively a company adjuster.

Mr. Cooper is an attorney. He is supervisor of the Chesapeake Blue Goose. For the past two years he has been resident vice-president for Henry L. Rose & Co. at Wilmington and was connected with the firm for three years before that. He spent four years in the home office of the United States Fidelity & Guaranty.

Mixed Agencies in New Jersey Still Being Hunted

Association fire companies are still making a careful survey of the New Jersey agencies to discover the extent to which supposedly orthodox offices represent non-affiliated institutions. Agency licenses are being checked al-

Hart Cooper in Good Start though it is appreciated this data cannot be relied upon as indicating whether agents still hold supplies of the com-panies originally taking out licenses for them. While some field men assert that the number of agents representing both association and non-association com-panies is limited, others declare that there are many, the dual connection being hidden under various subterfuges.

Rogers to Speak at Utica

UTICA, N. Y., Dec. 16.—The Insurance Agents Club of Utica will hold a special meeting Jan. 11 to hear addresses by Theodore L. Rogers of Little Falls, president of the State Association of Local Agents, and E. L. O'Donnell, Llica, attorney.

Rochester Board Elects

Thomas A. Sharp has been reelected Thomas A. Sharp has been reelected president of the Fire & Casualty Underwriters Board of Rochester, N. Y. E. A. Paviour was reelected vice-president and Louis Hawes secretary.

Lester Fisher, Arthur Griffith and H. E. Porter were elected directors representing the agency membership; C. E. Blake, branch manager for the Trav-

Blake, branch manager for the Travelers, was elected to represent general membership and H. C. Brainard of

Spencerport, representing Monroe county membership.

The annual meeting of the entire board will be held Jan. 14, Monroe county members of the state legislature

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You'll never regret

that you subscribed to THE NATIONAL UNDER-WRITER-you'll read it like a newspaper and you'll be a better insurance man for it. If you are already a subscriber, do your fellow agent a good turn by telling him about it—.

Your friend won't forget

and other public officials to be invited. President Theodore Rodgers of the New York State Association of Local Agents accepted an invitation to conduct a regional convention of the state associa-tion in Rochester early in February.

New England Exchange Nominees

BOSTON, Dec. 16.—Officers who will serve the New England Insurance Exchange for the next two years were placed in nomination at the monthly placed in nomination at the monthly meeting Saturday, to be voted on at the annual meeting Jan. 9. C. H. Senter, Phoenix of Hartford, was nominated for president; R. K. Ives, Aetna, second vice-president, and L. G. Fitzherbert, Home of New York; Norman Wilkins, Royal, Portland, Me., and Henry Griswold, Fire Association, New Haven, Conn., members of the executive com-

mittee representing the states of Massa-chusetts, Maine and Connecticut respectively on the executive committee.

New Fire Marshal Confirmed

BOSTON, Dec. 16.—James M. Hur-ley, recently appointed state fire mar-shal by Governor Ely, was unanimously confirmed by the governor's council. Governor Ely has submitted the ap-pointment of Richard Bullock of Fitchburg as trustee of the general insurance guarantee fund in place of E. N. Wrightington of Brookline.

The J. C. Learned & Sons agency, New London, Conn., has been taken over by H. L. Bailey & Son of Groton. H. C. Learned, who conducted the agency for many years, died recently. The Bailey agency will continue to operate both offices. the New London branch retaining the Learned name.

MOTOR INSURANCE NEWS

Automobile Experience Was Analyzed by Staff Committee of the National Organization

NEW YORK, Dec. 16.—Intensive study of the experience of the fire companies holding membership in the Na-tional Automobile Underwriters Association was given by the staff committhe of the organization at Atlanta during the ten days preceding Dec. 11.

The conclusions will be submitted to the various sectional bodies and by the latter in turn presented to the directors of the National association for final de-termination. It is hoped to have the new rate manual ready for distribution the latter part of January. The premium volume of the companies is un-derstood to have stood up remarkably well during the year, in spite of the generally untoward business conditions.

Mountain Rate Increase Predicted

DENVER, Dec. 16.-An increase in automobile fire and theft rates was sug-gested as a possibility here last week

Intensive Study Was Made in view of the sharp increase in claims, Estimates of increases as high as 25 percent over last year were heard. An outstanding feature of the increasing number of claims is the number of cars reported burned on the highways. also said many cars not mortgaged are reported burned. An astonishing num-ber of claims for the theft of automobile reflectors has been filed, some for amounts as low as 50 cents. Public liability rates are also likely to go up, it is claimed, since the number of personal injury accidents is increasing.

Allstate in Two More States

The Allstate of Chicago, which is identified with Sears, Roebuck & Co., has been licensed in Utah and Delaware.

Motor Mutual Formed

The Lake Shore Mutual of Chicago, which was organized to write automobile insurance, has been licensed in Illinois. The company has deposited \$70,000 with the Illinois department.

Charles F. Swayze, Niagara Falls, Ont., local agent, has just been elected mayor of that city for a third successive term, defeating his opponent by more than 2,700 votes.

IN THE CANADIAN FIELD

Coyle Is Honored in Canada | ick has been in Montreal interviewing

New General Manager There for London Assurance Presented Gift By Underwriters

C. J. R. Coyle, who is assuming the duties of general manager for Canada of the London Assurance, was presented with a handsome electric clock by the members of the staff of the Canadian Fire Underwriters Association. The presentation was made by Leonard Howgate, secretary of the association in Montreal. Prior to Mr. Coyle's present appointment he was chief stamping officer of the Canadian Fire Underwriters Association at Toronto. ers Association at Toronto.

Insurance Accountants' Lectures

The Canadian Insurance Accountants The Canadian Insurance Accountants Association will hold a series of two each month, beginning in January. The lecturers are C. E. Gallagher, Prudential Assurance; H. H. S. Fisk, Great American; H. G. Tawney, Royal Exchange; S. B. Scott, United States Fidelity & Guaranty; H. Pasfield, Northern Assurance; M. L. Desaulnier, Royal Exchange.

several insurance managers in that city.

New Companies Licensed

Dominion licenses have been granted to the American Equitable, New York, sprinkler leakage and tornado; Cale-donian, automobile, and Anglo-Scottish, plate glass.

C. F. U. A. Semi-Annual Meeting

TORONTO, Dec. 16.—The semi-annual meeting of the Canadian Fire Underwriters Association was held here the past week. Business was of internal interest only, according to of-

L'Urbaine of France has been licensed in Canada with G. W. Hadrill, Montreal, as Canadian chief agent.

Planning N. F. P. A. Meet

The midwinter meeting of the board of directors of the National Fire Protection Association is to be held in Atlantic City Jan. 16. The program for the 1932 annual meeting the week of May 8 in Atlantic City is now being formu-

Dr. Ignasis Hornick, manager of the General Assurance of Trieste, Italy, has been surveying the possibility of entering his company in Canada. Dr. Horn-

Soon It Will Be Christmas!

One Christmas day I like to recall. It was the Christmas in the year 1776.

Colonel Rall and his Hessian soldiers held holiday in the City of Trenton, New Jersey.

Miles away on the snow-clad hills across the Delaware was the despised army of ragged Continentals.

The Colonel dined that Christmas night at Stacey Potts' house; but by midnight he was drinking wine at Postmaster Hunt's.

Once they were interrupted by a knocking at the front door. It was a farmer asking for the Colonel. The negro servant sent him away. Later Colonel Rall received a note from the farmer, which he put in his waistcoat pocket.

Nine miles away the Continentals were crossing the river through ice chunks.

By 8 o'clock the battle was over. A thousand Hessians had been taken prisoner. Scornful Colonel Rall lay mortally wounded.

The future of America was assured.

Soon again it will be Christmas. There will be gifts and gaiety, feasting and jollity. Then nightfall — candles lighted — contentment, and silent tribute to those ragged soldiers of another Christmas day—1776!

Sirs! A Merry Christmas to you all.

Very respectfully yours,

Standard Surety & Casualty Company of New York

December, 1931 New York City Frank S. Morrie

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The National Underwriter

December 17, 1931

CASUALTY AND SURETY SECTION

Page Thirty-one

Defense of Equity Rating Is Heard

Some Officials Dissent from Views of H. P. Jackson of the Bankers Indemnity

MEANS OF JUST DEALING

Imperfections Are Admitted But Abandonment Would Be Mistake, Many Executives Believe

NEW YORK, Dec. 16 .- Granting, as charged by H. P. Jackson, president of the Bankers Indemnity, in an address given recently, that the issuance of equity rates in connection with various lines of casualty coverage within the control of the National Bureau of Casualty & Surety Underwriters has been much abused, casualty officials generally are not in accord with Mr. Jackson's conclusion that the plan in its entirety has failed, and presumably should be abandoned.

Value 1s Pointed Out

On the contrary, advocates of the existing system declare that in spite of its admitted shortcomings equity rating, so far from being discriminatory, affords a means of dealing justly with an assured who adopts methods for reducing the accident hazard, and who is thereby entitled to and should have the

fact recognized through the medium of a decrease in his rate.

They point out, for instance, that should the owner of a machine shop of an obsolete type of construction and containing antiquated machinery decide to erect a new structure containing every known modern device for accident prevention, common sense dictates that he should be allowed a lower rate for his insurance protection than formerly

Fire System Compared

The situation in the casualty business. they further maintain, is analogous to that existing in fire underwriting, in that a fire-proof and up-to-the-hour building is granted under the rating schedule a far better rate than is a structure of an ancient type. Under the manual used by the casualty companies, a machine shop is merely a machine shop and is rated accordingly. Actually there may be and often is a vast differ-ence in the character and equipment and in the method of conducting different shops, and the idea of equity rating is properly to recognize variation in the hazard of the different properties, and by granting rate reductions for those of superior grade induce other plants to

install accident prevention devices.

The laws of New York and of certain other states that forbid use of equity rating on the ground that the practice is discriminatory is felt by company officials as a severe handicap to what is obviously in the public interest, (CONTINUED ON LAST PAGE)

Important Conference Held Restrictions Are

National Association of Insurance Agents and National Bureau of Casualty and Surety Underwriters Representatives Discuss Some Vital Issues in the Business

NEW YORK, Dec. 16 .- The position | of the stock companies members of the National Bureau of Casualty & Surety Underwriters with respect to the emergency rate increase of 10.8 percent granted on workmen's compensa-tion business in Georgia by Commis-sioner W. B. Harrison as of Nov. 30, sioner W. B. Harrison as of Nov. 30, with the proviso that the agency commission be reduced from 17½ to 15 percent, will likely be determined at the gathering of the Casualty Acquisition Cost Conference to be held here tomorrow. At the same time the recent filing of the casualty acquisition cost rules with the New York department, "on the theory that they should come under the insurance laws of the state" will be threshed out.

Company and Agency Conference

Both subjects were discussed at a joint session of casualty home office men and officials of the National Associa-tion of Insurance Agents and National Association of Casualty & Surety Agents here last Thursday. The contention of the agents was that the ruling of the Georgia commissioner and the attempt to classify the acquisition cost conference as an auxiliary rating organization of New York State, was a direct step towards control of contractual relations between companies and agents, inimical to both. W. H. Bennett, secretary of the National Association of Insurance Agents, held that agents felt the "Georgia commissions". Agents, held that agents felt the "Georgia commissioner's order is out of line with the fundamentals of the insurance business, in that he had assumed power to fix by order the amount of commissions to be paid." Mr. Bennett further stated that Commissioner Harrison had agreed to discuss the subject with the agents, and he felt the com-panies should join the local men in making vigorous protest.

Position Taken by Carter

G. W. Carter, of Detroit, of the executive committee of the agents' body, offered that Commissioner Harrison's ruling "was apparently unwarranted in its attempt to deal with one factor of agents' commissions in the total exits attempt to deal with one factor of agents' commissions in the total expense loading, declaring it a most dangerous procedure and one that companies should gravely consider. He expressed the fear that unless immediate action be taken, the Georgia agents will be compelled to institute legal proceedings, action that would be highly respectively in that it would convex to the grettable, in that it would convey to the insuring public the belief that agents and companies were in disagreement.

Other Speakers Heard

Other agents who spoke along lines similar to those of Messrs. Bennett and Carter, were T. C. Moffatt, Newark, N. J.; W. G. Wilson, Cleveland; W. B. Calhoun, Milwaukee, and C. L. Gandy, Birmingham, Spakers for the Birmingham. Speakers for the com-panies included President A. D. Reid, Globe Indemnity; President Jesse S. Phillips, Great American; Vice-president

H. A. Giddings, Travelers, and Wade Fetzer, vice-chairman Fidelity & Cas-

As to the filing of the acquisition cost rules as coming under section 140 of the New York insurance laws, the agents expressed their conviction that the conference can not be classified as an auxiliary rating organization embodying the fixing of commission. The producing end of the business is properly disturbed, in their opinion, as it is ever opposed to having the state take a hand in what it believes to be strictly company af-

Secretary Bennett's Position

Mr. Bennett took the position that there is small difference between the Georgia commissioner's order and the action of the Casualty Acquisition Cost Conference in inviting the New York superintendent to take charge of the question of acquisition costs. He stated that in his opinion it never was the inquestion of acquisition costs. He stated that in his opinion it never was the intention of any casualty company to have the rules legalized in any state, either through legislation or on order of an insurance supervising official, or to have such rules made a part of the rate-making machinery of any state.

Misapprehension, Declares Beha

J. A. Beha, general manager of the bureau, who presided at the gathering, said there is considerable misapprehension as to the objects sought by the conference and that in his opinion the department has power only to approve the rules and cannot amend or change the rules and cannot amend or change them in any respect; that the power to alter the rules remains solely in the hands of the Acquisition Cost Confer-ence, which can in the future, as in the past, make amendments at will. He said that the recent filing of the rules gives no greater power to the superintendent over their administration than he formerly had.

Discussion as to Beha's Statement

There was much discussion over this statement, because while the rules for-merly had been filed with the depart-ment as a matter of information, the latest filing was accompanied by a statement that the acquisition cost rules come directly under the New York law. Mr. Carter expressed the fear that

Mr. Carter expressed the rear that such filing is calculated to bring about a condition whereby the state itself would enter the insurance business, bringing about elimination of both combringing about elimination of both companies and agents. He stated that it is amazing for companies to want to make any state official a part of company management; that the acquisition cost rules are solely a function of the companies themselves. He held that consideration of this fact of the business belongs to company management and no state official should be concerned about it.

about it.

The discussion at this meeting appears to have clarified the atmosphere (CONTINUED ON LAST PAGE)

Order of the Day

Conservatively Managed Companies Are Besieged by Applications for Agencies

GETTING DOWN TO EARTH

Excess Commissions and Liberal Perquisites Are Being Eliminated by Well Regulated Offices

NEW YORK, Dec. 16.-The president of a company conservatively managed, writing casualty and surety business, who is a keen observer, stated this week that in his opinion "there are \$100,000,000 of homeless casualty and surety premiums going the rounds at

He meant by this that there is a large volume of business written on an excess commissions basis or through avenues where various liberal perquisites were granted that is not being renewed on the old terms. Some of the companies are restricting their operations ma-terially. They are weeding out their agents, becoming far more exacting in their underwriting requirements and are cutting off allowances of various kinds that have been permitted in order to get and hold business.

Many Perquisites Allowed

As one makes the rounds of offices he is surprised at the number of juicy contracts that companies felt they had to make with agents in order to maintain their own position. Grants of all sorts have been allowed. Commissions have been sweetened in various ways. With the retirement of high commission companies and cutting down on opera-tions on part of many others, agents have become panicky in taking care of their business. They are seeking companies to represent, losing out with their former ones. However they have bepanies to represent, losing out with their former ones. However they have become tainted by excess commissions and gifts of various kinds. It is difficult to get down to bedrock and work for a conservative institution. There is now a noticeable tendency for agents to seek those companies that have the elements of permanency in them and are gauging their standards according to experience. Even the most orthodox companies have strayed on occasion from the narrow path and have granted favors of va-rious kinds. Where possible these extras are now being cut off.

Seeking Substantial Companies

Agents see the desirability of repreenting substantial, well managed companies regarding which there is no question. They do not want an interroga-tion point carried after a company they have in their office. This narro field down to a limited number. This narrows the some of the large companies went hog

(CONTINUED ON LAST PAGE)

Write Shippers' Draft Bond to Cover Bank Failure Risk

WIRT WILSON CO. ORIGINATOR

Protection for Business Houses Placed in Hartford Accident by Minneapolis Local Agency

MINNEAPOLIS, Dec. 16 .- As a di-MINNEAPOLIS, Dec. 16.—As a direct reaction to the more than 2,000 bank failures in the past 11 months, a new form of bond protection has been originated by Wirt Wilson & Co., local agents here. The bond, placed with the Hartford Accident, is known as the "shippers' draft bond." Wirt Wilson & Co., sole underwriters for the new contract, report more than \$50,000 in

premiums from this line so far this year.
Because of the large number and size
of losses suffered by shippers of commodities due to collection proceeds of bill of lading drafts being caught in bank failures, a demand arose for some protection against this hazard.

Frequent Occurrence

Often a shipper of a consignment of goods finds on going to his local bank to collect proceeds of the bill of lading draft, that due to the failure of the bank in another section of the country to which the assignee made payment, he is out of pocket for the proceeds on the shipment. It often happens that several banks participate in the collection of this

banks participate in the collection of this draft, and a failure of any one of these banks cuts the shipper out of the proceeds on that draft.

The shippers' draft bond guarantees to reimburse shipper for such loss if sustained through failure of any bank or trust company in continental United States or Canada. Causes of losses are: Insolvency; temporary or permanent suspension of general payments, or failure to pay or transmit for payment to insured the money that such a bank may collect or participate in collecting. The bond covers demand drafts, sight The bond covers demand drafts, sight drafts, arrival drafts, drafts payable on a stipulated date after sight or arrival, trade acceptance drafts and acceptance drafts.

Details of Contract

A rate of 50 cents per \$1,000 of drafts is charged monthly and an annual de-posit premium of \$100 is required on or before the effective date of the bond. Every month the insured reports the total of all drafts covered which were forwarded during the preceding month from the insured's office. If the total monthly premiums paid for the year exceeds the original annual deposit premium, the deposit premium is refunded and the monthly premiums are retained. If the reverse is true, the annual deposit premium is retained and monthly premiums refunded.

The first shippers' draft bond was written 11 months ago, after Wirt Wilson & Co. met with the attorneys of several large milling and grain concerns in Minneapolis, and agreed on a satisfactory form to cover this risk. Arrangements first were made with the St. rangements first were made with the St. Paul-Mercury Indemnity of the St. Paul Fire & Marine group to underwrite the bond, but Wirt Wilson & Co. was given full charge of underwriting and loss adjustment. The cover has been made available to all Hartford Accident agents and brokers.

Jobbers and manufacturers of grain, feed, seed, flour, fertilizer, chemicals, machinery, automobiles, fruit and vegetables have been found among the best prospects. A large number of concerns, many nationally known, have procured this protection, among which are: General Mills, Pillsbury mills, Ralston Purina Company, Synthetic Nitrogen Products Corp., Farmers National Grain Corp., Grain Stabilization Corp., General Equits Corp. Corp., Grain Stabilization Corp., care eral Fruits Corp.

The unlimited nature of the field and have

the timeliness of the new bond have than in the past.

Tribute Paid McBryan at Detroit U. S. F. & G. Dinner

DETROIT, Dec. 16.-W. H. Mc-Bryan, Detroit, resident vice-president United States Fidelity & Guaranty, was host to 75 members of the Detroit branch and distinguished guests at a dinner in honor of President R. Howard Bland last week.

"The men in the field are the actual backbone of every insurance company," said President Bland. "We in the office do our part but the men on the firing line are the men who bring in the business and to them should go the credit when the company makes a good show-

ing.
"I am not at all pessimistic about the business depression," said Mr. Bland.
"Our company has weathered several depressions that in many phases were worse than the present one. In 1907 many banks declared moratoriums and would not honor checks except for actual necessities. In 1921 and '22 the would not nonor tual necessities. In 1921 and 22 me banks failed like houses of cards all over the country. The United States of the country is in excellent than the country is in some over the country. The United States Fidelity & Guaranty is in excellent shape and is ahead of last year in some lines. Eighty-five percent of our securities are in class triple A bonds and the company has \$42,000,000 in reserves. is our policy to concentrate upon the types of business that have been least hit and as a result our own business is progressing very nicely."

Discusses Liability Lines

Philip F. Lee, Detroit manager, re-sponded to President Bland's address and paid a tribute to Mr. McBryan. S. int Mason, vice-president in

Blount Mason, vice-president in charge of the compensation and public liability, traced the history of this business.

J. W. Hartley, in charge of compensation and public liability in Detroit, responded to Mr. Mason. Judge Clyde I. Webster traced the history of the surety bond business in the courts. All judges much prefer to have surety bonds furnished by the surety companies rather than to be obliged to accept personal bonds, Judge Webster said. A number of speakers paid tribute to Mr. McBryan. He has been the chief executive of the Detroit office for more than 30 years.

New York Department Will Study the Statements Filed

NEW YORK, Dec. 16.-In response NEW YORK, Dec. 16.—In response to the recent request from Superintendent Van Schaick, the insurance department has received from J. A. Beha the rules and regulations of the Fidelity & Surety Acquisition Cost Conference, and has also had from the Towner Rating Bureau a statement that such rules are taken into consideration by it is are taken into consideration by it in the preparation of fidelity and surety rates for the subscribing company mem

The department has further received all non-affiliated casualty and companies operating in the state briefs amplifying the statements verb-ally made by their officials at the de-

All data furnished will be closely studied by the superintendent, following which he is expected to make decision as to the question of general underwrit-ing policy involved.

Constitution Move Ratified

Stockholders of the Constitution Instockholders of the Constitution In-demnity have approved the recommen-dation to transfer \$250,000 from capital to surplus, leaving capital \$1,000,000 and payment of \$500,000 additional surplus by the stockholders.

made it a profitable line. With lessening of bank failures claims will be materially reduced on a national basis, making this line even more profitable

Home Companies' Receiver to Sue Inter-Southern Life

UNDER CALDWELL CONTRACT

Liquidator to Press for Performance of Agreement to Take Up \$484,899 of Bonds

As the final step toward liquidation of the Home Fire and Home Accident of the Home Fire and Home Accident of Little Rock, Ark., which went into receivership after the A. B. Banks & Co.-Caldwell & Co. failure a year ago, suit will be filed at Little Rock by Elmo Walker, receiver, against the Inter-Southern Life, the basis being the contract by which Caldwell & Co. agreed

tract by which Caldwell & Co. agreed to purchase control of these carriers.

The contract was later transferred to the Inter-Southern, Walker said, which defaulted in the exchange of securities, and it will be asked to take up \$484,899 in bonds assigned the three Home units in exchange for other securities.

According to Walker, the Inter-Southern agreed to transfer \$1,010,000 in bonds to the three Home companies in partial payment of the Caldwell contract with A. B. Banks and associates.

All Securities Rejected

These securities were of guaranteed par value and the Home carriers were given 90 days in which to examine the entire portfolio and accept such securities as approved. The time was extended until Dec. 5, 1930, when all of the securities were rejected. The Inter-Southern was then given a year to take Southern was then given a year to take up the securities, and Walker expects through the law suit to compel execu-

through the law suit to compel execu-tion of the contract.

The suit also will involve ownership of \$147,670 in securities assigned the Home Accident and sold before the re-ceivership was established, and \$39,000 similarly assigned the Home Fire and sold.

Another factor in the suit will be the inter-company agreement made by Banks and his associates by which as-sets of the Home Fire and Home Actident were pledged to indemnify the Home Life against any loss.

Gets Restraining Order

The Home Life has obtained a temporary injunction against the sale of any assets of the two carriers and place ing all receipts in a special trust fund pending disposition of the claim. Ap-parently, the effect of the inter-company agreement was to release assets of the Home Life for use in the effort to save the American Exchange Trust Co. of Little Rock, and other Banks' enterprises then threatened by disaster.

Walker said that \$125,000 assets of the Home Fire and Home Accident the Home Fire and Home Accident were assigned the Arizona state treasurer as surety on workmen's compensation claims filed against the Home Accident, and that these payments would virtually absorb the entire amount.

Among other assets of the Home Fire and Home Accident were stocks in banks controlled by A. B. Banks. These have become liabilities through the levy-

have become liabilities through the levying of 100 percent assessments.

Set 1931 Toll at 34,000

The Travelers now estimates the number of automobile fatalities in 1931 at about 34,000, which will be an increase of 2.5 percent over last year. Since August there has been a decrease in comparison with the same period last year. Because of the decrease in registration of motor vehicles the grip in tration of motor vehicles, the gain in deaths would mean an increase of about 5 percent in fatalities per thousand cars registered.

New England, east north central, west south central and mountain states report fewer deaths this year than last. Middle Atlantic, east south central, west north central, south Atlantic and Pacific Coast states show increases.

Malicious Glass Breakage in Chicago Investigated

CASUALTY CLUB IS ACTING

Information Obtained Is to Be Turned Over to the Prosecuting Authorities

Malicious breakage of glass, which has become intolerable in Chicago recently, is the subject of an investigation by a special committee of the Casualty Club of Chicago. The investigation is to be pursued vigorously, with the idea of turning over whatever information is obtained to prosecuting authorities.

The special committee was created some weeks ago after the plate glass c o m panies increased their setting charges from 15 to 20 percent and re-duced the amount allowed for salvage.

Just recently, the committee was advised of a report that the glass companies were proposing another increase and a conference was held with repre-sentatives of glass companies, who said that the report was not true. However, the committee feels that it may possibly

have forestalled an increase.

Recently, what seems indubitably to be malicious breakage of glass has been a great problem to the casualty companies. For instance in one block recently windows in six or eight stores were broken. The practice seems to be were broken. The practice seems to be for the vandals to ride in a street and hurl missiles at windows or use sling shots. They are devoting their atten-tion to large plates of glass.

A certain increase in glass losses is expected in times of depression, because of the activities of burglars, but that factor does not explain the exceptionally large amount of breakage in Chicago

Chancery Receiver for the Jersey Mutual Casualty

NEWARK, Dec. 16 .- A chancery court receiver is to be appointed for the Jersey Mutual Casualty, taken over by the insurance department last Janu-ary. Deputy Commissioner MacNichols

ary. Deputy Commissioner MacNichols has been in charge.

The law passed in 1930, which permits the insurance commissioner to take over and administer insurance companies is "unworkable" in the opinion of Vice-chancellor Backes of the Chancery court. Counsel for the commissioner informed the court that he was willing to have the company placed in the hands of a chancery receiver. The vice-chanof a chancery receiver. The vice-chan-cellor said he supposed the deputy com-The vice-chanmissioner wished to be relieved, be-cause he found that he could not handle it to his satisfaction. He also commented on the fact that the expenses of the deputy commissioner have been \$41,-000 and that the money received has been only \$30,000 or \$32,000.

Bandits Support Sales Talk of This Agent

The "Hartford Agent" tells a supposedly true story of an agent, who was interrupted by three supposedly true story of an agent, who was interrupted by three bandits while in the midst of soliciting outside holdup insurance of a bank prospect. According to the story, the prospect told the agent he didn't want the coverage because the post office was only a half a block away and that messengers always carried ours when sengers always carried guns when bringing money. Just then three bandits entered and got away with \$1,500 in cash. Then the outside holdup policy was written.

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Too Many Companies Write Compensation in Wisconsin

Income for Many Small Carriers Insufficient to Render Adequate Service to Insureds

MADISON, WIS., Dec. 16.-Workmen's compensation earned premiums totaled \$6,707,832 in Wisconsin in 1930, according to the Wisconsin Industrial commission. Of this 54.7 percent or \$3,669,913 was received by Wisconsin non-stock companies; \$620,258 by foreign non-stock companies, and \$2,417,-661 by stock companies, amounting to 36 percent of earned premiums received.

There were 20,070 compensation cases settled in 1930, the lowest number since

Compensation benefits paid in cases during 1930 aggregated \$5,845,-Of this amount \$4,477,141 was settled and as indemnity and \$1,398,338 as medical aid. Indemnity and the dical aid benefits respectively amounted to 76.1 and 23.9 percent of the total compensation benefits.

tion benefit paid.
"In Wisconsin, as in some other states, an uneconomic situation exists in the large number of insurance companies writing writing workmen's compensation insur-ance," the commission comments. "In 1930 the compensation insurance business of this state was divided among 61 companies. One company alone, the Employers Mutual Liability, earned 42.1 percent of the aggregate premium earned by all insurance companies combined. Only 15 of 61 licensed com-panies earned premiums for the year amounting to \$100,000 or more.

Agents Not Properly Qualified

"How are employers and injured employes and their beneficiaries concerned this multitude of insurance companies? At least a partial answer is given by the records of the industrial commission:

"1. Many representatives of multiple line casualty insurance companies rarely handle compensation matters, and are not properly qualified for the best type

of service to their assured employers and to compensation claimants. "2. Compensation insurance rates in-clude an allowance for inspection and accident prevention work by insurance companies. Compensation carriers hav-ing only a small and widely distributed volume of business cannot provide competent safety-engineering services eco-nomically, if at all.

"3. Payroll audits are essential to a oper determination of the premium proper determination of the premium earned by the insurance company. The insurance carrier, with a small and widely distributed volume of compensations of the premium earners of the p sation business is generally unable to make pay roll audits at low costs. The traveling expenses and idle time of auditors between calls for making pay roll audits are too high. If the insurance audits are too high. If the insurance company resorts to the acceptance of unverified payroll reports from employunverified payroll reports from employers there is danger that such payroll reports understate the actual payroll exposure insured. This tends to increase the loss-cost ratio experienced by insurance companies. It is unfair to employers generally to permit insurance companies to collect premiums on the basis of unverified payroll reports.

Many Adjusters Appear

"4. Controverted compensation claims are scheduled for hearing before the in-dustrial commission at such times and places as the commission may deem it proper to hold hearings. It is not unproper to hold hearings. common for claim adjusters of from two to six insurance companies to appear in a single day's calendar of compensation It is obvious that many insurance companies are experiencing com-paratively high expenses in making claim adjustments."

H. A. Behrens Comments on This Year's Annual Conditions

INDUSTRIAL BODY REPORTS ALL COMPANIES ARE JOLTED

Hostile Winds Have Afflicted All Branches of the Insurance Business in Adverse Way

President H. A. Behrens of the Continental Casualty and Continental Assur-ance has gotten out some advance observations on the year's business. is probably the first presidential com-

ment that has been made and will be read with interest. He says: "Because of the present unusual busi-ness conditions I have decided in this advance announcement made toward the close of 1931 to elaborate rather fully than has been my usual custom in the similar announcements of previous years. I hope and believe that in this review of the general insurance situation and particularly as it affects the Continental companies there will be found solid material for increased confidence and enthusiasm on your part.

Poor Year for the Business

"1931 has not been a good business year. It has not been a good year for the casualty and surety companies. It has been a year of storm and stress. A ship no matter how staunch and how ably manned, that goes through such a storm as that of 1931, although it comes safely to port, must needs show many signs of bad weather. I look at the Continental companies from that viewpoint We have weather. point. We have weathered the storm and the ships are in port as strong as ever and with crews that are all the abler because of successful voyages under difficulties. In fact, the test of 1931 has proved, what we have always be-lieved, that difficult conditions more closely than ever knit together Conticlosely than ever knit together conn-nental field and office associates in their battle for the common good. To that close, friendly and co-operative feeling is due in large part the Continental's success in the difficult year now closing.

Felt Effect of Adverse Conditions

"There is no division of the casualty, surety or life business that has not felt the adverse effect of 1931 conditions and undoubtedly the annual statements of all insurance companies for 1931 when published will show these effects very clearly. The accident and workmen's compensation business will show a decreased volume and an increased loss ratio due to unemployment. The liability lines will show an increased loss ratio due to increased pressure, some legiti-mate but largely otherwise, for the payment of third party claims. Life insur-ance will show a very heavy increase in policy loans, an abnormal lapse ratio and some decrease in production of new business. Life insurance has also suffered by a large increase in total and permanent disability benefits accruing thereunder. Fidelity losses are higher because of the greater temptation under depressed conditions. Surety le particularly on the part of those Surety losses. paries which wrote so-called mortgage guarantees will be abnormally high. Losses on bank depository bonds will probably be the largest in the history of the business. Fortunately the Conof the business. Fortunately the Continental has never written any guaranteed mortgage bonds, and its bank depository writings have been very small. In addition to all of this, the year has brought a very sharp depreciation in the values of securities and some diminution in the income from them.

Bad Year for the Industry

"As I said before, it has been a bad year for the industry. And still you must remember that the fundamental justification for the insurance business is the merging of the missortunes of the individual into the average. That averaging function extends not only over

First President to Make Comment on Year's Toll



HERMAN A. BEHRENS

H. A. Behrens, president of the Continental Casualty and Continental Assurance of Chicago, is the first chief executive to comment on the year's opera-tions preliminary to the compilation of the annual financial exhibit. The year has been a very troubled one for all companies.

many individuals but also over many years, and hence the insurance business should not be judged by a year's profit or loss. In a year which has a greater number of misfortunes, insurance func-tions that much the more effectively and beneficially.

"The effect of all the foregoing on

"The effect of all the foregoing on individual companies has varied with the financial strength and man power of each institution. The poorly financed and the poorly manned institutions have become much weaker and a number of them have been eliminated entirely. The companies which have not maintained the highest degree of efficiency and orthodoxy have suffered unmercifully, and those of them that have been able to survive at all have realized that they must build in the future on sounder foundations. The sound companies have become stronger—the conservative and sound building of many years has stood them in good stead.

Increase in Loss Ratio

'It is with much gratitude and considerable pride that you and I can truthfully say that the Continental companies are in the last named class. For the thousands of times in past years that you and I have had to resist the temptation to depart from soundness and conservatism, 1931 has amply re-paid us, not that the year's record will not show signs of the hard storm be-cause we too in common with the indus-try will show an increase in loss ratio and in our case a very slight falling off in volume. It will show a marked depreciation in the value of securities, the majority of which are sound bonds together with the highest grade of guaranteed and preferred stocks. Speaking in rough terms and more than 60 days in advance of getting the figures, I be-lieve that the loss ratio will show an increase of about 5 percent over 1930. The expense ratio will show no mate-rial increase and may show a slight derial increase and may show a slight decrease. The investment income from dividends, rents, etc., will show a slight decrease, but will still be approximately one and one-half times dividends to stockholders at the present rate.

"Grateful and proud as we rightfully are, we must be prepared to tackle 1932

more aggressively than ever. Signs are plentiful that in 1932 the industry will Signs are resume a more nearly normal course.

Larger Accident Policies Are Now Being Reduced

DEATH LOSSES INCREASING

Economic Strain Has Had Its Effect in Causing Men to Seek Suicide Route

NEW YORK, Dec. 16.—Following the example of the life companies ac-cident offices are scanning their large line policies far more critically today than ever, impelled by the growing than ever, impelled by the growing restlessness of some of their reinsurers which have been hard hit by top line claims during the year. It is more than claims during the year. It is more than likely that the next few months will witness a sharp reduction in the individual limits some companies will grant. This condition has been induced by the severe strain to which big business men have been subjected since the financial debacle of 1929 and under which many are still laboring.

Monoxide Poison Deaths

Death through monoxide poisoning has been a frequent cause of claims upon accident companies within the past 12 months, and while a number of the fatalities were unquestionably accidental, grave suspicion attaches to others, to such an extent as to give officials serious concern as to this particular form of hazard.

surprisingly large number of big accident policies are in force. Special agents and particularly aggressive local representatives that would not interest themselves in the sale of modestly priced contracts, make a drive for the higher premium policies, the commis-sions upon which, both initially and subsequently, being very substantial.

Changed economic conditions have had an effect upon large policy covers. The tendency now is toward sharply restricting limits once freely accepted.

Specify Rider For Foreign Insurers in Pennsylvania

Commissioner Armstrong of Pennsylcommissioner Armstrong of Pennsylvania has advised foreign casualty companies of the form of endorsement which must be attached to all those surety bonds and policies covering risks in Pennsylvania, which are not clearly shown to have been written in Pennsylvania through a resident agent and vania through a resident agent and countersigned by a resident agent licensed in Pennsylvania. This requirement, he explained, is in accordance with the amendment approved last June

with the amendment approved last June to the act of May 17, 1921, P. L. 682, which added section 610.

"This is to certify," the form reads, "that the attached contract represents business done in the commonwealth of Pennsylvania through John Doe, a resident agent, licensed by the insurance desertive of the commonwealth of Pennsylvania commonwealth of Pennsylvan partment of the commonwealth of Penn-sylvania, and that such agent whose name is signed below this certificate is duly licensed to act as such for this company in the commonwealth of Pennsylvania"

There follows a space for the name of the company and the countersigning of-

ficer.
"I hereby certify," the endorsement licensed by the insurance department of the commonwealth of Pennsylvania to act for the above named company in said commonwealth and that I sign this

rider at ______, Pa., on the ______ day of _______, 1931."

There follows a space for the signature of the agent and the name of the company for which he is acting.

and it is the right time psychologically for the Continental companies to take full advantage of their front rank posi-tion in the industry."

THIRD PREPARING TO DO SO

Indemnity of North America and Royal Indemnity Recognize Agents' Claim on Big Bond

NEW YORK, Dec. 16.—To the six surety companies that have already allowed agency commissions on the much discussed Hoover dam contract bond, must now be added the Indemnity of

North America and Royal Indemnity.

The Fidelity & Casualty has announced its intention to act similarly.

The companies that previously paid are the Great American Indemnity, Hart-ford Accident, Home Indemnity, Lon-don & Lancashire Indemnity, Southern Surety and United States Casualty. One of the reasons for the refusal of

the interested companies promptly to allow commissions on the bond was their declared inability to determine just what agents should be compensated and to what extent.

Adopted Different Methods

The issue was met by various participating companies, some dividing the aggregate commission among representatives in the territory that had previously handled business for any one of the six associated contractors, successful bidders for the construction of the dam, while two companies, the Royal Indemnity and the United States Casualty, cut the Gordian knot by paying the full amount into the treasury of the California Association of Insurance Agents, within which territory the bond originated.

Beha Hears About Chicago

NEW YORK, Dec. 16.—Lyman Drake during his recent visit to this city, discussed with General Manager J. A. Beha of the National Bureau of Casualty & Surety Underwriters the progress attained in the effort to effect a working arrangement between the cas-ualty companies and their representatives in Chicago. The situation would be considerably clarified, it developed, if a uniformly accepted definition of the term general agent could be reached.

Knigge Chicago Manager

Glenn H. Knigge, who was formerly the manager of the life department of W. B. Joyce & Co., has been appointed resident manager of the Massachusetts Accident in Chicago. Mr Knigge has opened offices in the One North La Salle street building He is well known to life insurance men in Chicago and will specialize in non-cancellable health and accident.

Close Newark Office

NEWARK, Dec. 16.—The Newark branch office of the General Indemnity Corporation of America has been closed and all employes were instructed to report to the New York office, includ-ing Allan J. Dougherty, manager of the Newark branch, who will act in an of-ficial capacity with headquarters in the ficial capacity wit New York office.

Write Baltimore Cabs

BALTIMORE, Dec. 16.-Taxicabs, which, under the law passed by the last legislature, must provide liability and property damage insurance by Jan. 1, property damage insurance by Jan. 1, are being offered policies covering \$5/\$10,000 liability and \$1,000 property damage on a monthly installment plan by Lowndes & Lowndes through the Consolidated Indemnity. The policy, covering liability and property damage for a year in the amounts required by the public service commission, can be purchased for \$30 initial payment and \$30 a month. \$30 a month.

Close A. & H. Group on 25,000 Federal Employes

WASHINGTON, Dec. 18.— The National Casualty of Detroit has closed an accident and health group contract on employes of the United States departments of Commerce and Justice. J. Stanley Long, group specialist of the District Agency Company, general agents here for the National Casualty, provided the case. The agents here for the National Cas-ualty, negotiated the case. There will be 25,000 persons eligible for the insurance. Employes of the two departments will be divided into four groups from the stand-point of occupational hazard, so point of occupational nazard, so that office workers, for example, will not be penalized by being grouped with prohibition enforcement officers or secret service men. Mr. Long recently closed a group case on Department of Agriculture employes.

National Bureau Gathering Sports Accident Statistics

NEW YORK, Dec. 16 .- In furtherance of its comprehensive accident prevention and safety education campaign the National Bureau of Casualty & Surety Underwriters some months ago established a fellowship at the New York University to discover the cause of accidents in football, baseball, hockey and other student activities. Since early and other student activities. Since early September directors of physical education of more than 20 states, and heads of schools the country over have been engaged in the work. Reports have already been received from over 1,000 high schools, the material being handled by the statistical division of the bureau reau.

File Auto P. L. and P. D. Rates

NEW YORK, Dec. 16.-The National Bureau of Casualty & Surety Under-writers has filed with the department a proposed schedule of automobile public liability and property damage rates for use in New York State in 1932. What the suggested new rates are or what action the department will take thereon is as yet pure conjecture so far as outsiders are concerned.

Heyer in Philadelphia

James C. Heyer, vice-president Metro-politan Casualty, talked before the Aetna Life agency organization in Phil-adelphia on "Shooting at the Moon." He contrasted the old methods and modern ways of obtaining business and also brought out the fact that the younger element is taking advantage of the many educational features that are being of fered by the companies, while the old timer sits back and claims he hasn't time to study the more modern ways.

Chowen Los Angeles Speaker

LOS ANGELES, Dec. 16.—Walter Chowen of San Francisco was the principal speaker at the meeting of the Casualty Association of Los Angeles, Casualty Association of Los Angeles, which was also attended by members of the California Inspection Rating Bureau. Edgar A. Fay, president of the association, presided and the meeting was devoted mainly to a discussion by Mr. Chowen of the new California workmen's compensation manual, which becomes effective Jan. 1. R. E. Laley, Pacific Coast manager at San Francisco of the National Bureau of Casualty & Surety Underwriters, was present. Surety Underwriters, was present.

Independence Officials Advanced

NEW YORK, Dec. 16.—E. A. Tallman and J. A. Morrison, managers and resident vice-presidents in this city of the Independence Indemnity, have been elected vice-presidents of the company. The Independence Indemnity of Philament of the Independ NEW YORK, Dec. 16 .- E. A. Tall-

G. A. Dette, also a vice-president, was elected secretary as well, replacing in the latter connection Mr. Morrison, recently transferred to New York city.

Draft Uniform Bill

The special committee on automobile insurance legislation of the Association of Superintendents of Insurance of the Provinces of Canada has brought in its draft bill of an automobile insurance act, which is recommended by the association for enactment in all the prov-inces. The committee consists of H. G. Garrett, superintendent in British Co-lumbia, chairman; J. C. Collinson, legis-lative counsel, Manitoba, and R. Leigh-ton Foster, Ontario superintendent. The act is recommended as a uniform

measure, the need for which has been impressed upon the association of superintendents by legislation in Saskatch-ewan, Manitoba, Ontario, New Brunswick and Prince Edward Island, par-ticularly in the matter of financial re-

sponsibility laws.

Perhaps the most important section of the proposed law is that which would give a direct right of action against the insurer to the victims of negligent mo-

Abolish \$5 Traveling Allowance

BALTIMORE, Dec. 16.-The United BALTIMORE, Dec. 16.—The United States Fidelity & Guaranty has announced that the \$5 per diem expense allowance has been discontinued and only actual expenses will be paid managers, field men and other employes while traveling. This action was taken following receipt of replies to a letter sent out by the company to all traveling employes requesting their opinion and the replies were practically unanimous that the \$5 per diem should be abolished.

Kansas Drivers Lose Permits

TOPEKA, Dec. 16.—Since the new Kansas drivers' law became effective July 1, V. L. King, state motor vehicle commissioner, has revoked 38 drivers' permits for various offenses, mostly for driving while intoxicated. Five others have had their licenses suspended tem-porarily. One was lost for failure to stop after an accident and another for driving a car involved in an accident, which was not properly licensed.

Liability Not Covered

Guaranty of a successful operation by the surgeon is outside the scope of a physician's liability policy, the United States circuit court of appeals for the first circuit has held in McGee vs. the United States Fidelity & Guaranty.

The fact that the insurance company continued to assist in the defense after claiming non-liability, so as not to prejudice the jury, was held not to con-stitute an estoppel.

Wisconsin Mutual Assessment

MILWAUKEE, Dec. 16.—Notices of percent assessments and recall dividends have been sent out to 3,500 policyholders of the Wisconsin Mutual Liability, now in liquidation. The assessment is said to amount to between \$300,000 and \$500,000.

The company ceased writing May 1, 1930, reinsuring with the Liberty Mutual. Since that date directors have been proceeding with liquidation and it was hoped that the liquidation could be accomplished without calling on policy-

R. B. Roehr, vice-president and secretary, said the assessment was made "by reason of uncollectibility of premiums, loss in value of securities, and increase in compensation losses."

C. H. Holland, formerly president of

Ten Developments in Selling Field Foreseen in 1932

The Hartford Accident has projected an analysis of the probable develop-ments in the insurance selling field in 1932. Ten tendencies are foreseen. are:

In 1932 there will be less selling of "lines" and more analysis of the plete insurance requirements of an as-

In analyzing the insurance require-ments of their clients producers will be called upon more frequently to differcalled upon more frequently to differentiate between lines which are absolutely essential to the protection of the client's interest and lines which may in some cases be classed as luxuries.

In 1932 there will be an increasing tendency to sell convenient "packages" of insurance protection like the new storekeepers' burglary and robbery policy.

policy.

Commercial Blanket Bonds

Increased fidelity rates will cause producers to give greater attention to the sale of commercial blanket bonds on

which rates have not been increased.
Policyholders will in 1932 be more than ever "company conscious" and rate concessions will mean less to an assured than the capital structure and reputation of the company back of the reputation of the company back of the

Producers will be more disposed to collect or cancel and in many communities local boards and associations will establish strong credit bureaus for the protection of members. In 1932 organization a

In 1932 organization agents and brokers will support organization com-panies, knowing that their best interests and the best interests of the business as a whole can only be safeguarded by an observance of definite standards.

There is certain to be increasing cooperation between producers and com-panies to the end that all lines shall

show an underwriting profit.

There will be a greater concentration of business with established and well-financed local insurance offices.

Realizing the necessity of obtaining new lines to offset the loss of premiums from poor accounts, payroll audits and cancellations, producers will in 1932 in-stitute an aggressive drive for new business and every effort will be made to obtain a diversified volume.

Virginia Federation of Labor Seeks Compensation Changes

Virginia organized labor will advocate changes in the workmen's compensation act at the session of the legislature convening in January. At a meeting of the legislative committee and executive board of the Virginia federation of labor held it was decided to urge changes in the law providing (1) double compensa-tion for a minor illegally employed, with the insurance company paying the regular amount and the employer an equal sum, all of which would be administered in trust by the state indus-trial commission; (2) legal permission for an employe, injured by an outsider while performing his regular duty, to sue the outsider for damages larger than those available under regular compensation and in the event of recovery to refuse compensation from his employer;
(3) bringing of all employers of five or more workmen under the compensation act. Whether or not increases in com-pensation schedules shall be asked was left to the discretion of the legislative committee.

The Auto Cab Mutual Indemnity of New York has been admitted to Mary-land, with H. S. Legum and the Insur-ance Service Company of Baltimore as local agents.

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CHANGES IN CASUALTY FIELD

J. C. Smith Transferred by American Surety, New York Casualty-Suc-ceeded by D. L. Clark

J. C. Smith, manager of the Denver office of the American Surety and New office of the American Surety and New York Casualty, will become manager of the Detroit branch of the two com-panies Jan. 1, succeeding F. L. Fraser, who, however, will continue as resident vice-president. Mr. Smith will be re-placed as head of the Denver office by Donald L. Clark. Mr. Smith joined the American Surety

in 1919. He served as assistant man-ager of the Salt Lake City branch before becoming manager at the Denver

Mr. Clark has been with the American Surety since 1924, when he became a special agent in its Denver branch. a special agent in its In 1929 he was named assistant manager

Close Detroit Branch

DETROIT, Dec. 16.—The Detroit branch of the Sun Indemnity, 2230 Union Guardian Trust building, will be discontinued Jan. 1 and James D. Lahy, who has been state agent for Michigan, Indiana and Ohio, will leave the company. The branch has done comparatively little business on a brokerage tively little business on a brokerage basis, but has handled most of its business in this state through a group of general agencies, reporting direct. Mr. Lahy has been with the Sun Indemnity for about three years.

Col. H. L. Jones Has Resigned

PHILADELPHIA, Dec. 16.—Col. H.
L. Jones, who was appointed district
manager of the Century Indemnity with
general supervision over the territory
served through its offices in this city and
Richmond, Va., early in the year, has
tendered his resignation. Col. Jones
made a record as Chicago manager of
the Maryland Casualty, subsequently
being elected vice-president of the New
York Casualty some years ago. He retired from the latter connection to assume his present post with the Century
Indemnity, preferring general agency to Indemnity, preferring general agency to head office work.

New Los Angeles General Agency

The Addison & Bradley general The Addison & Bradley general agency has been organized at Los Angeles, representing the Mercer Casualty in southern California. Both principals in the new agency have been in the agency business in Los Angeles, Mr. Bradley having recently resigned from the R. L. Heinsch agency in that city.

Public Indemnity's Chicago Office

The Chicago and western office of the The Chicago and western office of the Public Indemnity, which is now located in the Insurance Exchange, is moving to the 38th floor of the Foreman Bank building where Manager C. C. Blackwell and his force will hold forth. The formal opening will be Dec. 23 when brokers and some of the special friends of the office will be received.

cial friends of the office will be received.
This places the Public Indemnity close to its main Chicago general agent,
Louis E. Golan, who has had his office in the Foreman Bank building.

Reinsures Part of Business

The Merchants Mutual Casualty of Buffalo, N. Y., has reinsured about 30 percent of its portfolio with the Employers Reinsurance. Recently the Merchants Mutual reinsured some of the business of the Guardian Casualty when that organization reduced its capital that organization reduced its capital limiting the lines it was authorized to

Denver Manager to Detroit | Wilmer to Launch Agency

Detroit Manager Indemnity of North America Resigns-Eliason and Richardson in Temporary Charge

DETROIT, Dec. 16 .- J. W. Wilmer, Detroit manager Indemnity of North America, has resigned and will organize a general insurance agency, handling all

types of insurance but specializing on surety bonds. Mr. Wilmer has been man-ager of the Detroit branch since last ager of the Detroit branch since last March and has been in the business for 20 years, having spent many years with the Fidelity & Casualty and the Fidelity & Deposit. Arthur Eliason, manager of the North America fire company group, and Jerry Richardson, manager inland marine department, will supervise the casualty department pending the appointment of a successor to Mr. Wilmer.

Other Casualty Changes

F. B. Leist, who resigned recently as sistant Detroit manager of the Stand-

ard Accident, has joined a general in-surance agency in Adrian, working on automobile business.

Stuart G. Thompson-Elwell Company, Seattle general agency, will represent the Associated Indemnity in Washington and Oregon.

Fuller Baltimore Speaker

BALTIMORE, Dec. 16 .- G. B. Fuller. assistant secretary of the National Council of Compensation Insurance, will speak Jan. 6 before the casualty class conducted by the Insurance Society of Baltimore on compensation insurance.

A man is rated by his accomplish-ments, not by his dreams.

PECIALIZATION MEANS SERVICE!



URNIG the past eleven months we have used the advertising pages of this publication to point out to its readers some of the advantages of a connection with the F&D.

Specialization in the underwriting of fidelity and surety bonds, we have explained, means a keen appreciation of the surety agent's problems and the ability to solve them.

It means prompt, authoritative action on all bonding propositions, no matter how involved.

It means a brand of cooperation that enables agents not only to secure desirable business, but to hold it in the face of the severest sort of competition.

It means the ability to make acceptable risks out of propositions which many companies would refuse even to consider, thereby saving commissions for the submitting agents.

It means the ability to settle claims in a manner that earns the good-will of the Company's clients and fortifies the standing of its agents in their respective communities.

In a word, specialization means SERVICE!

FIDELITY AND DEPOSIT COMPANY OF MARYLAND • BALTIMORE



WORKMEN'S COMPENSATION

Oklahoma Situation Serious

If Employers Win Fight Against Rate Raise, State Fund Move Believed Inevitable

OKLAHOMA CITY, Dec. 16.-Workmen's compensation insurance in Oklahoma is in a precarious situation and many agents find it difficult to have their business taken care of properly or in many cases to place it at all. The recent 47.5 percent rate increase granted by the state insurance board is said by by the state insurance board is said by agents to be inadequate largely because of the liberal awards granted by the state industrial commission. Companies are moving very warily, showing great care in the selection of business and imposing restrictions that are often embarrassing to the agent and even to the

imposing restrictions that are often embarrassing to the agent and even to the policyholder, it is said.

If the employers, who have carried the rate increase to the supreme court, succeed in their fight, they will probably find themselves without facilities for obtaining this form of insurance in Oklahoma. That would almost automatically bring about a state fund in in Oklahoma. That would almost automatically bring about a state fund, in the opinion of John S. Adams, president of the Associated Fire & Casualty Underwriters of Oklahoma City, "Employers who pay the largest premiums are very apprehensive over the situation and many at them are used in

situation and many of them are not in sympathy with the fight being made by sympathy with the high being made by the Associated Industries of Oklahoma," he said. "Most of the agitation comes from the secretary. Employers do not want state insurance but they just reached a point of exasperation and irri-tation which has created such a frame of mind that they are about ready to ac-cept anything." cept anything."
President Adams further said that the

Associated Industries movement implies the five-year experience on which the new rates were promulgated is adequate, regardless of the recent radical change in conditions, and that rates should be figured on the old pioneer basis, but in their own business they would not agree to such a basis of price fixing, he said.

Lightning Death Covered

MADISON, WIS., Dec. 16 .- A building that stands above the surrounding country is a potential menace in an elec-tric storm, the Wisconsin supreme court held in affirming compensation to the funds to pay compensation, but if the ability due to "mental or bodily infirm-

widow of a workman killed by light-

ning.
Fred Anderson and five other men were working for the Nebraska Seed Company when a storm came up. All Company when a storm came up. All sought shelter in a building about 40 rods from where they were working. Anderson was killed by lightning shortly after getting his team and himself into the building. At the same time two other men and eight horses were killed. The supreme court held "that the building into which Anderson entered was so situated and its height above the surrounding surface was such as to in-

surrounding surface was such as crease the danger from lightning. resulted in an unusual risk of such an accident, incidental to the employment."

Lowest in Two Years

TOPEKA, KAN., Dec. 16 .- Commissioner Baker reports that Kansas November industrial accidents were the lowest of any month in two and one-half years. There were 576 industrial accidents. The slackening industrial half years. There were 576 industrial accidents. The slackening industrial activities; the safety campaign of the compensation commission; the safety first work of the employers and the insurance companies and the effort of workers to prevent accidents to themselves are regarded as contributing causes to the marked reduction in industrial accidents shown in the state.

Idaho Fund Draws on Surplus

Prospects of an increase in rates for workmen's compensation policies writ-ten by Idaho state fund were revealed in disclosure that present rates have forced use of \$133,000 of reserves and surplus funds.

Unemployment Committees Liable

SALT LAKE CITY, UTAH, Dec. 16.— Unemployment relief committees should protect themselves by taking out workmen's compensation insurance, the Utah industrial commission has in-formed Governor Dern. Under the Utah law, the commission pointed out, the committee, or the municipality behind the committee, is held responsible for any injuries which may befall a person employed by it. "And since the public is raising funds to provide work," the message to the governor continues, "it would be unfair to have to divert these

occasion should arise the compensation must be paid."

New Filings for Kansas

Having failed to secure from Super-intendent Hobbs of Kansas approval of the proposed compensation rates for that state submitted some weeks ago, new filings, it is expected, will be made by the National Council on Compensation

Insurance soon after the new year.

The Missouri and Virginia departments are still studying the rate revisions for their respective states, neither having given any indication as yet as to what action will be taken.

Missouri Hearing Postponed

Superintendent Thompson of Missouri has postponed to Dec. 28 the public hearing originally set for Dec. 16 on a proposed general upward revision of workmen's compensation rates.

The revised rates were filed recently

by the National Council on Compensa-tion Insurance. The average increase is about 11.1 percent but the actual mone-

tary increase would be only about 9 percent, because some of the classifica-tions calling for the highest increases in rates have comparatively few workers.

Removal Not Justified

Removal of Lee Ott from the West Virginia compensation commission is not justified by testimony presented to a 1931 house investigating committee, Governor Conley of that state has announced in connection with the committee's report.

New Metal Schedule Approved

The Virginia state corporation com-The Virginia state corporation commission has approved a proposed revised schedule for rating metal working plants. The new schedule will produce a reduction in rates for the most part, according to E. Wright Spencer, manager of the Virginia Inspection & Rating Bureau, who made application for authority to put the new schedule into effect. Under certain conditions there will be a few increases. will be a few increases.

ACCIDENT AND HEALTH FIELD

Commissioner Herdman Considering Sorensen's Requests for Policy Changes

Accident and health companies are somewhat uncertain as to just what is sought in the petition regarding accident and health policy forms filed by Attoreral Sorensen of Nebraska, up for hearing before Commisney-General which is up for hearing before Co sioner Herdman at Lincoln today. two specific requests made by the at-

two specific requests made by the atterney-general are:

1. That the provisions in all such policies shall be couched in language which clearly and unequivocally defines the liability of the company and the rights of the insured.

2. That the provisions in such policies is such policies.

2. That the provisions in such poli-cies shall conform to the advertise-ments and representations of the insurance company offering the policy to the public, and that in case of conflict the authorized advertisements of the company shall govern over any provision to the contrary in the policy.

In the argument attached to his petition the only specific policy provisions mentioned are those excluding dis-

Hearing Is Held in Nebraska ity," in which he asks a clear definition of that phrase, and the "wrecking and disablement" clause in accident policies, which was recently threshed out at conference with Pacific Coast com-

missioners.
Harold R. Gordon, executive secretary of the Health & Accident Underwriters Conference; Edward St. Clair, North American Accident, chairman of its legal committee, and C. O. Pauley, Great Northern Life, are representing that organization at the hearing. It was also expected that many of the companies would have individual representation there. sentation there.

American Indemnity Life Is Now on Legal Reserve Basis

The American Indemnity Life, with home office in the Sharp building, Lin-coln, Neb., which was organized in 1927 as an assessment association, licensed to write accident and health insurance, has now been organized as a legal reserve mutual company, licensed to write life, accident and health. Orville A. Andrews is president. Associated with Mr. Andrews are his two sons, Luther G. Andrews, executive vice-president and secretary, and Orville A. Andrews,

Insurance and Holiday Cheer

With the holidays near at hand a spirit of good cheer is desirable. An underlying thought of seriousness brings to many the realization of what it would mean to curtail accustomed comforts and desired purchases, should the

Here is where Income Guaranty steps in, restoring confidence and morale. When the earner realizes that ill-health and accident can no longer threaten the one who is protected, lesser evils lose their terror.

The many benefits of our Health and Accident plan finds ready response. Those who, in the past felt self-reliant, or were careless as to the needs of the future, are open to intelligent presentation and quick closing. Why not join this alert organization that is offering needed and desired protection.

WE NEED MORE REPRESENTATIVES



Capital Stock \$124,100.00 · Surplus to Policy Holders Over \$184,000.00 Legal Reserve Stock Company

South Bend, Ind. -(Established 1917)-Income Building

OUR FEATURES PROSPECT SERVICE FULL COVERAGE NON-CANCELLABLE MALE AND ERISKS
STARTS FIRST DAY
Life Time Coverage
Old Line Company
Prompt Claim Payments
Generous Contract Large Commissions Liberal Renewals OUR Substantial Company Pays on Any Disease Pays on Any Accident TERRITORY PENNSYLVANIA Pays Special Indemnities CALIFORNIA MICHIGAN MISSOURI INDIANA ILLINOIS OHIO

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Jr., junior vice-president. Dr. Oliver W. Everett, Lincoln, is medical director. Directors of the company in addition to the officers are John R. Phester, North Bend, Neb., and Dr. E. A.

ter, North Bend, Neb., and Dr. E. A. Everett, Lincoln.
President Andrews has served as an officer and director of a number of insurance companies, but has now severed all other connections, giving his entire time to the American Indemnity Life. He has been a resident of Nebraska for warny years and has a wide beckground. many years and has a wide background many years and has a wide background of experience as a farmer, school teacher and railroad man, in addition to his many years in insurance work. He has been very prominent in the Masonic fraternity, serving as grand master for Nebraska in 1930-31.

Parsons General Agent

Fred H. Parsons, who for many years has been general auditor of the Federal Life, has been appointed Chicago general agent of the American Bankers for accident and health, with headquarters in the American Bankers building, 43 East Ohio street. For the last six months prior to his appointment with the American Bankers, Mr. Parsons was connected with M. W. Chittenden & Co. of Cincinnati, working on deferred payment insurance. He will carry this work with him to the American Bankers. In his new general agency he will In his new general agency he will specialize in the writing of monthly premium accident and health.

Plan Los Angeles Sales Congress

LOS ANGELES, Dec. 16.—At the December meeting of the Accident & Health Managers Club of Los Angeles tentative plans were discussed for a sales congress or educational meeting in the near future for accident and health insurance in the southern California field. A number of the managers expressed approval of the idea and President Hawkins appointed a committee consisting of H. F. Thompson, National Casualty; A. G. McKinnon, Unity Mutual, and Mike O'Sullivan, Sunset Mutual, to consider the advisability of holding such a meeting. ing such a meeting.

Chicago Managers Meet

Plans for the annual meeting of the Accident & Health Managers Club of Chicago to be held in February, were outlined at the December meeting. L. D. Edson, president National Association of Accident & Health Managers, reported that the date and place for the national convention will be announced early in January. R. W. Abbott, Maryland Casualty, club vice-president, presided.

Maryland Casualty, club vice-president, presided.
Dr. Edward Oliver, skin specialist, gave his interesting talk on "Feigned Skin Eruptions," citing several cases which were of interest to accident men as indicating something for which to watch in their claim work.

Orthopedist Claim Speaker

Dr. Frederick Mueller, prominent Chicago orthopedic surgeon, formerly an associate of Dr. Lorenz of Vienna, discussed cases based upon actual or alleged abnormal conditions of the back alleged abnormal conditions of the back before the Chicago Claim Association at its December meeting. He distinguished the different kinds of uncommon painful conditions of the back and their causes as well as pointing out the methods by which the real may be separated from the fictitious, the latter being of particular interest to the claim men, who are constantly confronted with doubtful cases. Dr. Mueller said there are no painful conditions of the back that can not be cured and none that lead to pernot be cured and none that lead to permanent disability.

At the next meeting Dr. George C. Turner of the Chicago municipal sanitarium will talk on lung diseases.

Mutual Benefit Agents Meet

J. M. Hopkins, Indiana general manager Mutual Benefit Health & Accident,

held a state meeting for 50 of his agents held a state meeting for 50 of his agents in Indianapolis last week. R. S. Jones, A. H. Harris, W. Hogarth, F. J. Bockmuhl, W. O. Hoogestmat and D. M. Brovan, agency supervisor, were present from the home office. W. E. Cox, Kentucky state manager, and John Magurth and C. Truman Redfield, Illinois managers, also attended.

New Jersey Election Jan. 13

NEWARK, Dec. 16.—The annual meeting of the Casualty Underwriters Association of New Jersey will be held in Newark Jan. 13, at which time the election of officers will take place.

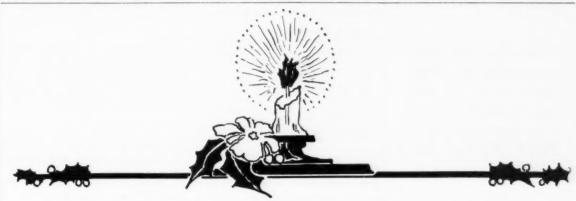
CASUALTY PERSONALS

Lowell Thomas' "Literary Digest" broadcast recently brought one of the Aetna Life's star agents into promi-nence. Mr. Thomas related the story how the agent, Henry Robbins of Philadelphia, fell in a manhole landing on the head of a workman. Robbins explained "my lamps are dim" and then sold the workman an accident policy.

Robbins is 31 years old. He has been self-supporting since 9, working

his way through the Pennsylvania Institute for the Blind, winning a scholarship to the University of Pennsylvania and graduating.

In soliciting magazine subscriptions he called on W. R. Harper, Aetna Life Philadelphia general agent, with the result that he started selling insurance. He has qualified for three annual Aetna Life conventions, has appeared on the list of men who produce better than



To our friends:

Merry Christmas Happy New Year

Trinity Fire Insurance Company

Capital \$1,000,000.00

Universal Automobile Insurance Company

Capital \$750,000.00

DALLAS, TEXAS



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In looking back over the growth of your own business, what were the factors that aided in that

Giving a fair deal, or making an honest effort to do so, was one, no doubt, just as it has been with THE PREFERRED AC-CIDENT.

Write us if interested in taking on a good strong company for

ACCIDENT-HEALTH - BURG-LARY AND AUTO MOBILE INSUR-ANCE

The Preferred Accident Insurance Company OF NEW YORK

80 Maiden Lane New York

Wilfrid C. Potter, President

CERTIFIED PUBLIC ACCOUNTANTS Specializing in INSURANCE ACCOUNTING 29 S. La Salle Street CHICAGO

\$250,000 annually for six years. He is earning well over \$7,500.

His interviews are carried on nor-ally. By means of Braille markings he points to figures and illustrations as accurately as though he sees. He has translated every item of the company's sales literature including the rate book Braille.

into Braille.

His rating with his company is one of the highest as to intelligent analysis of needs and accurate application of suitable coverage. He is one of the Aetna's best informed men.

He supports his mother in their fine ome. He has helped several blind home.

boys through school.

At age 60 his insurance on himself will start paying him \$250 a month.

Fred J. Perry, assistant manager of the Royal Indemnity in San Francisco, is recovering from a severe attack of "flu," which has confined him to his home for the past month.

W. W. Putney, president of the Mid-west Life of Nebraska, has been elected a member of the board of directors of the Lincoln chamber of commerce, with insurance, financial and real estate ininsurance, financial a terests in his charge.

The Hotel Galvez at Galveston, Tex., one of the best known beach hotels in

the country, has been purchased by J. the country, has been purchased by J. F. Seinsheimer, president of the American Indemnity Company, and associates. R. L. Kempner, vice-president of the Texas Prudential, is secretary-treasurer of the new company holding the big beach hostelry and Mr. Seinsheimer is vice-president. vice-president.

Mrs. Bernice A. McNeill, wife of Chester W. McNeill, president of the Massachusetts Accident, dropped dead last week at her home in Winchester, Mass., a suburb of Boston. She had aparently been in perfect health. Mr. McNeill is chairman of the executive committee of the Health & Accident Underwriters Conference and had just returned from attending the mid-winter returned from attending the mid-winter meeting of that committee in Chicago.

Fred A. Price of Conkling, Price & Webb of Chicago was hit by an automobile some days ago as he was crossing the street in his city in front of the Board of Trade building. He went to a hospital and now is recuperating in his room at the Seneca hotel.

D. J. Donohue, assistant manager Chicago service office Royal Indemnity and Eagle Indemnity, who was seriously ill with pneumonia, has fully recovered and is back on the job.

ing only the fraternal official. The bond written at a rate which some mem bers of the association believe is not sufficient to cover this extreme hazard.

The members also discussed a plan now in operation in the Surety Association of Los Angeles for reporting on agents, brokers and others for tae information of members. A printed slip is used, on which is noted the name, address and company which has the desired information. This slip is filed with the association

sired information. This slip is filed with the association.

It was suggested by some members of the Chicago association that the information noted should be extended to cover attorneys, principals, contractors, defaulters, delinquents, etc. A committee was appointed to consider the plan consisting of T. E. Dunne, U. S. Casualty; M. P. Fischer, United States Fidelity & Guaranty, and W. A. Hansmann, Fidelity & Deposit.

President Frank McVicar, Hartford Accident, as his first official act after election at the last meeting, appointed an entertainment and golf committee, consisting of A. G. Stanten, Conkling, Price & Webb; D. J. Donohue, Royal Indemnity, and R. E. Hall, Columbia Casualty.

Casualty

Expect Companies to Refuse Virginia Treasurers Bonds

RICHMOND, Dec. 16.—Some companies have withdrawn from the business of bonding county treasurers in Virginia and the indications are that practically all of them will refrain from bonding these officials when they enter upon new four-year terms Jan. 1. T. Coleman Andrews, state auditor, is sendreport delinquents.

ing to all county treasurers a letter set-ting forth his concern over the situa-tion and stating that his efforts to artion and stating that his efforts to arrive at a working agreement with the bonding companies have not been successful to date. The new system of accounting which he had installed in the counties has met with the hearty approval of the companies, but he had heen given to understand that additional been given to understand that additional legislation is needed to protect funds of the treasurers deposited in banks and to prevent treasurers from failing to

Progress Made in Michigan Treasurer Bond Situation

LANSING, MICH., Dec. 16.-Steady progress has been made during the past week toward working out the problem week toward working out the problem of supplying short term tax collection bonds for city, village, and township treasurers but it is conceded that perhaps a third of the local treasurers throughout the state have not yet been able to qualify to receive the tax rolls from the assessors. As the 10 days of grace have expired, the assessors are authorized to turn over the rolls for collection to the sheriffs of the affected counties but, since the sheriffs must supply similar bonds, it is believed there have been few if any instances of this step being taken.

step being taken.

The companies, which have been writing the bonds wherever they felt they dared, now see no advantage accruing from last week's supreme court decision holding public funds illegally deposited as trust funds and preferential claims against banks in event of their closing. Analysis of the opinion, however, has convinced the surety companies that it would be of no utility in event city, villages or towerbit, trescueres described Chicago at the December meeting. A motion was adopted for the secretary to urge the Surety Association of America to change the form B fraternal fidelity bond so as to exclude burglary, robbery and mysterious disappearance from the coverage.

This is a faithful performance bond and in some cases where by-laws of fraternals require this protection, a rider is attached to the standard form which in effect provides protection against burglary, robbery and mysterious disappearance, although nominally cover-

FIDELITY AND SURETY NEWS

Vice-President American Surety Addresses New Jersey Association-Officers Renominated

NEWARK, Dec. 16 .- "You cannot get fair competition unless you sit around the conference table with your competitors," Richard Deming, vicepresident American Surety, told the Surety Underwriters Association of New Jersey in his talk on "Present Day Contract Bond Underwriting." There is a great greed for volume and premium, which often leads to unethical practices such as excess commissions and cut rates, he said. Present day conditions are somewhat different than in prosperous times but there is no excess for excess lesses. It is simply a cuse for excess losses. It is simply a case of good underwriting. In pointing out good practices in contract bonding, he said that two of the principal factors in his mind were cash in bank and accounts receivable.

The nominating committee announced that all of the present officers had been that all of the present officers had been renominated, to be voted upon at the next meeting Jan. 5. This meeting will be a general get-together affair, and there will be no general speaker. It is planned to invite a number of prominent company officials. John F. Clark, named as president for a third term, is Newark manager of the American Surety and has been in the insurance field for nearly 35 years.

Bail Bond Bureau in Report

During First Year 2,021 Defendants Were Bonded in Total Amount of \$2,978,535

NEW YORK, Dec. 16.—During its first year the bail bond bureau of this city issued bonds for 2,021 defendants. in the total amount of \$2,978,535. was furnished for men charged with all types of offense, that for alleged larceny being the most frequent.

While the bureau rate is 2 percent, far higher figures are charged by the socalled "chiseling" element among the

The legal rate allowed upon bail bonds is 3 percent and the bureau is now seeking authority from the insurance department to increase its charge to that

Contract Bonds Deming Topic | Proposes State Bonding Fund New York Official Sees \$1,000,000 Sav-

ing in Premiums on \$100,000,000 of Projects

ALBANY, N. Y., Dec. 16.—A campaign has been started by Col. F. S. Greene, superintendent of public works, to eliminate bonding contractors on state projects, on the theory that the 11,000,000 citizens of New York State are thoroughly capable of carrying any such risk, and economy would result.

He points out that a construction program of \$100,000,000, such as in 1931, means a cost to the state on construction bonds of approximately \$1,000,000. He states that on top of this experience with bonding companies has not been satisfactory.

Col. Greene suggests a \$1,000,000 fund to be invested by the state comptroller, and he says the interest alone should be almost sufficient to meet any losses the state would sustain if contracts were let carefully.

He would obtain the fund by setting aside 1 percent of every appropriation for a project until the fund had been realized, or by an outright appropriation

by the legislature.
Governor Roosevelt, it is said, is not in sympathy with the proposal. There is also doubt as to its constitutionality. The plan is said to relate only to completion bonds and not to bonds for material men and laborers.

Surety Underwriters Act

Chicagoans Vote to Petition National Group for Change in Form B Fraternal Bond

Action on two matters was taken by the Surety Underwriters Association of Chicago at the December meeting. A

be perfectly legal and no trust relation-ship would exist. Even if an illegal deposit were proved, it is believed that collection would be attempted on the treasurer's bond which it would claim, had been breached.

Two Big Suits Are Filed, Result of Caldwell Deals

The city of Owensboro, Ky., has filed suit against the Southern Surety for \$201,436, alleged to be due on bonds purchased by Caldwell & Co., Nashville. In July, 1929, Caldwell purchased \$1,-200,000 of sewer bonds from Owensboro, holding proceeds of sales until needed, with the Southern Surety as surety. Drafts were drawn as work needed, with the Southern Surety as surety. Drafts were drawn as work progressed. When Caldwell & Co. failed \$598,045 was still due to Owensboro. It is set forth that the surety company honored drafts until but \$201,-436 was left, but last August it refused to honor any more drafts. Thomas Nolan, Detroit, sewer contractor, has sued Owensboro for \$157,000, alleging that anyount due under contract for amount due under contract for

work done.

D. D. Robertson, Nashville, Tenn., state superintendent of banks and receiver for the Bank of Tennessee, of which Rogers Caldwell was president, has also brought suit against the Southern Surety for \$250,000 on fidelity bonds written for the bank, which failed when Caldwell & Co. crashed in November,

Porter Los Angeles President

LOS ANGELES, Dec. 16.—D. W. Porter, Commercial Casualty and Metropolitan Casualty, was elected president of the Surety Underwriters Association of Southern California at the analysis of Southern California at the al meeting. Vice-presidents are W. Whitford, Hartford Accident, and H. Vreeland, Associated Indemnity. Don Ladd, Fidelity & Deposit, was reelected secretary-treasurer. The new executive committee consists of Ray Wilson, National Surety, chairman; H. E. Wood, Pacific Indemnity, and the

Wisconsin Fund Bill Signed

MADISON, WIS., Dec. 16.-A state depository bond fund has become a reality in Wisconsin with the signing by Governor La Follette of a bill by which public deposits of all units of government subordinate to the state will be insured in a state fund. The new law was the first bill to be passed in the special session of the 1931 legisla-

Deposits of public funds are limited Deposits of public funds are limited to twice the bank's paid-in capital and surplus. Each depository must pay 1 percent of the average daily deposits quarterly into the state fund. If the fund is insufficient to meet losses the difference is met from the state's general fund eral fund.

Relax Gasoline Bond Requirement

LANSING, MICH., Dec. 16 .- A lenient policy of the secretary of state will undoubtedly deprive the surety companies of some bond business from gasoline distributors. The last legislature enacted a law requiring the distributors to give bond of from \$3,000 to \$72,000; if they found to the property of the property o \$25,000 if they failed to show sufficient financial responsibility to satisfy the state department that they could pay promptly the 3 cents per gallon gasoline tax collected by them for the state. Secretary of State Fitzgerald said many of the smaller concerns would not be able to obtain the bond required except at a prohibitive premium. Rather than at a prohibitive premium. Rather than drive them out of business, he indicated, he will not insist on bonds if their financial reports show responsibility equal to 25 percent more than their average monthly tax payments.

The American Bonding has been li-censed in Montana.

NEWS OF THE COMPANIES

Great National Receiverships

Action Against Washington, D. C., Company in New Jersey, North Carolina, District of Columbia

NEWARK, Dec. 15.—C. W. Vail has been appointed receiver by Vice Chancellor Church in a Newark court for the Great National of Washington, D. C., and has directed interested parties to show cause why the receivership should not be made permanent on Dec. 22. Application was made by A. T. Vanderbilt, counsel for the Empire Fire of New York, which is controlled by the Public Fire of Newark and of which Mr. Vanderbilt is chairman of the board, on the grounds that the Empire is a creditor for reinsurance losses in the amount of \$8,228. Insolvency is charged.

What Is Charged

The Great National was incorporated in 1926 and last June took over the National Fidelity Fire of Baltimore, which had reinsured Palisades Fire of tall \$621,710; surplus \$126,265. Net pre-

Hoboken last year. The Empire Fire had reinsurance arrangements with the Great National.

The complainant charges that officers of the Great National withdrew \$158,000 and invested it in a private concern and also that the company engaged in the courter withdrew withdrew the content of the company engaged in the content of the company engaged in the company engaged in the content of the company engaged in the content of the company engaged in the company engaged in the content of the company engaged in the company engage surety business without a charter to

Commissioner Boney of North Carolina has been named temporary receiver for the company in his state. Commissioner Davis of the District

Columbia has also asked for a re-

ceiver.

The executive offices are located in Washington, D. C., but last June the company was licensed in New Jersey. About Nov. 1 it was announced that the company had opened operating offices in the Industrial building, in Newark, the offices being under the super-vision of Spencer B. Curry, president. Other officers are Clay Jewell, vice-president; Howard C. Bregel, secretary; Charles Whitford, chairman.

miums written in 1930 were \$233,967; net losses paid \$147,912; underwriting expenses \$149,795.

New York Casualty Shows Improvement in Operations

NEW YORK, Dec. 16.—As a result of the careful pruning to which the business of the New York Casualty-subsidiary of the American Surety—has been subjected under its present administration, the incurred losses upon all lines for the first 11 months show a decrease of \$719,453, or 35 percent, while expenses decreased 11 percent within the same period, Vice-President W. E. McKell, advises. Approximately \$1,-000,000 in premiums was sacrificed by the management as a result of its decision to cut off certain classes of risks the experience upon which had been unprofitable. Nearly one-half of the income thus sensibly surrendered has been replaced by a more desirable type of business, with every prospect that still further gains will be achieved in the near future; the field force displaying sympathy with the policy of the man-agement and aggressively working for the solid upbuilding of the company.

LOYALTY

Low Agency Turnover

Service records of twenty, thirty and more years with this one institution are not uncommon. Several records even antedate the organization of the company in its present corporate form in 1897.

Such loyalty is evidence of the characteristic Continental qualities which attract and hold the friendship of progressive field men, and may be taken as an index to the DURABILITY of this institution.





CONTINENTAL CASUALTY **ASSURANCE COMPANIES**

CHICAGO

ILLINOIS

Defense of Equity Rating Is Heard

(CONTINUED FROM PAGE 31)

encouraging the use of accident preven-tion methods by offering a lower rate for indemnity wherever they are in-

No rating plan ever devised in connection with any form of insurance and particularly with respect to the intricate lines of casualty insurance, has been 100 per cent perfect, nor is it probable that any such standard will be attained. That flaws exist in equity rating, and that it has been abused by certain companies, is not denied. The National bunow giving serious study to formulating regulations that will partly, at least, eliminate disclosed shortcomings in the plan, and confidence is expressed that these will be adopted in the near future.

There is no dissent on the part of the

PUBLIC

AUTOMOBILE

fraternity with Mr. Jackson's further declaration that "it is not amiss to seek any imperfections in the hope that we may be guided to sounder rate-making." Casualty insurance, compared to other major departments of underwriting, is yet in its infancy. Men in the business have still much to learn concerning it, and are constantly studying its many complex problems with a view to their solution as far as may be possible. solution as far as may be possible.

Restrictions Are Order of the Day

(CONTINUED FROM PAGE 31)

wild in their operations and are paying the penalty. Agents probably have learned a very valuable lesson from their experience during the last two years. Now those that have a better class of companies realize that this is no time to demand the pound of flesh. It is up to the agents to help the com-

ACCIDENT

panies. The production of business is worth a certain amount. When a company pays more than the cost price trouble is ahead. The high commission payers are suffering a very painful malady.

Have to Watch Growth

It is interesting to note at company headquarters the appeals made by agents neadquarters the appeals made by agents and the promises set forth in order to get the representation of standard institutions. A company these days does not have to go far afield to pick up desirable agents. So far as the conservatively managed companies are concerned those that will make a fairly good showthose that will make a fairly good showing in spite of the shrinkage in value of securities, higher loss and expense ratios face the danger of too rapid and ratios face the danger of too rapid and material expansion. That is one of the factors that the strong banks have to watch. The rush of depositors to the well managed banks may cause them embarrassment later on by having too much patronage. It will be a temptation for companies that are being sought to take on too many new agents and to try to absorb too much business during the coming year. No company needs to offer extra inducements if it is capably managed and has the elements of perma-nence in it. The agents are seeking nence in it. The agents are seeming companies today rather than companies seeking agents. It is a period of selecseeking agents. It tion and rejection.

New Auto Collision Form Is Devised by Ruegnitz

(CONTINUED FROM PAGE 5)

The development of new business through the peculiar appeal of a new method of merit rating, the essential fairness of which should constitute a strong sales inducement; (d) The exploration of a large field of now uninploration of a large field of now unin-sured accident-free drivers, whose busi-ness, as it accumulates, is expected to lower the average of loss cost and en-able progressive reduction in rate.

Sales Argument

Essentially the sales argument for this form is as follows:

"If you are an accident-free driver it is unnecessary that you wait two years or even one year for a reduction in rate; your benefit accrues at once. Nine years in ten you may count on incurring no in ten you may count on incurring no accident worth reporting, therefore nine years in ten the small initial retainer premium will be your only premium. During the same ten year period the accident-prone assured, none of whom is likely to get through a single year without claim, will each year have paid contingent additional premiums, the size of which will average in proportion to individual accident frequency: i.e. the of which will average in proportion to individual accident frequency; i. e., the more seriously accident-prone will have incurred the higher contingent additional premiums. On the whole, the accident repeaters will have paid, individually, from two to five times as much as the accident-free. If you incur a major accident only one year in ten the contingent additional premium does not bear heavily upon you and you will not bear heavily upon you and you will have had the protection against serious loss that it is the essential function of insurance to provide."

This sales appeal, to the desirable class of assureds, is twofold: first, on the basis of cost and second, on a recognition of merit.

The compensated form is unique as to a permissible flexibility. Initial and contingent premiums may be set up in a considerable range of combinations, and after the most convenient and salable combination, consistent with underwriting necessities, has been agreed upon, premium schedules may be rapidly com-

Reduce Insurance Rates JUSTRITE OILY WASTE
AND SAFETY CANS
proved and Labeled by the Underwriters Lab. JUSTRITE MANUFACTURING CO

puted from tables of claim frequencies

and average claim costs.

While income and loss ratio are always immediate underwriting considera-tions, the progressive effect of salability must here be carefully considered. Once must here be carefully considered. Once the machinery is set in motion and the influx of accident-free assured assumes volume, the average of loss cost may be expected to diminish; therefore some-thing should be conceded at the outset to overcoming sales resistance, to the end that the new accident-free assured

be attracted in numbers and soon.

If it is expected that business conditions will gradually improve, the moral hazard undoubtedly now in evidence should diminish and the improvement would be cumulative with the decreasing average of loss cost induced by sal-

It is unnecessary to elaborate in detail the considerations looking to the final determination of a form and premain determination of a form and pre-mium schedule. As part of the research necessary to the introduction of this proposal, the writer computed tables of average claim frequencies and average claim costs, by means of which have already been forecast the experience of several experimental combinations, and which will serve for computing, at any desired level, premium tables according to either list price grouping or make of to either list price grouping or make of car, as desired. To start work would therefore require no period of blind experiment. It would be reasonably practicable to promulgate rates and solicit business in volume virtually at once.

Important Conference Is Held on Casualty Costs

(CONTINUED FROM PAGE 31)

in many respects. It rested with the Casualty Acquisition Cost Conference to take action on the two problems at its meeting tomorrow.

Participants in the conference in addition to those mentioned, included President W. B. Calhoun; Executive Committee Chairman C. L. Gandy; Frederick Hickman, Atlantic City, member control of the Committee Chairman C. Research Frederick Hickman, Atlantic City, member executive committee, and Past Presidents T. C. Moffatt and F. L. Gardner of the National Association of Insurance Agents; President T. E. Braniff and Past Presidents W. G. Wilson, J. W. Henry and C. H. Burras, of the National Association of Casualty & Surety Agents; United States Manager J. M. Haines, London Guarantee & Accident; C. B. Morcom, vice-president Actna Life companies; E. J. Boyd, vice-president Maryland Casualty, and Spencer Welton, vice-president Massachusetts Bonding.

Fear as to Georgia Situation

Fear as to Georgia Situation

With respect to the Georgia situation what agents fear is that the position taken by Commissioner Harrison may be followed by the insurance officials of other states, in fact the Minnesota com-missioner when the recent rate advance on compensation business was before hime, strongly intimated that the commission rate should be reduced. No other commonwealth, however, has challenged the acquisition cost factor, nor do officials anticipate such action. With the rate advance conditionally conceded in Georgia it is figured the net result to agents despite 2½ percent reduction in commissions would fully on compensation business was before net result to agents despite 2½ percent reduction in commissions, would fully equal their former income, even allowing for the falling off in payrolls. While ing for the falling off in payrolls. While premiums on compensation business in Georgia, in common with those in all other states will be less this year than last, Georgia has not suffered to anything like the same degree as have other southern commonwealths, notably Alchara, where the chutting down of Alabama, where the shutting down of the iron and steel plants has savagely cut into the payroll of the industry.

Maryland Omits Dividend

The Maryland Casualty has voted to omit the dividend due at this time. Three months ago a dividend of 15 cents was paid and six months ago 30 cents. prior to which the stock was on a \$2.25 annual basis.

LIABILITY LIABILITY HEALTH PROP. DAMAGE TEAMS PLATE GLASS WORKMEN'S COLLISION ELEVATOR STEAM BOILER COMPENSATION

BURGLARY



LEDE MISSERDAM Castaletr Compare

A Progressive Surety and Casualty Company

AMERICAN CASUALTY COMPANY (D) READING, PENNSYLVANIA (D)

Big enough for your needs—but not overgrown

Incorporated 1902

Inquire about our excellent agency proposition

Assets nearly Four Million Dollars



UNDER PRESSURE

STEAM boilers and other vessels which operate under pressure should be adequately insured. The trouble with the average insurance man is that he only writes such business 'under pressure' pressure brought about by actual inquiries of interested clients.

The Employers' Group General Agency or Branch Office in your territory will be glad to assist you on these lines.



The Employers' Pioneer regularly contains articles concerning boiler and machinery insurance. We would be glad to place you on the mailing list, no obligation on your part.

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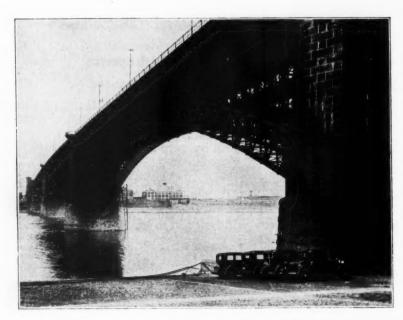
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100 MAIDEN LANE, NEW YORK

REINSURANCE NUMBER

The National Underwriter

A WEEKLY NEWSPAPER OF INSURANCE

THURSDAY, DECEMBER 17, 1931

Part Two

General Reinsurance Group

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The National Underwriter

December 17, 1931

REINSURANCE NUMBER

Number 51, Part II

Reinsurance Picture Not All Gloomy

Fare Better Than Direct Carriers Because of Freedom from Collection Problem—Some Bright Spots Found in Year's Review

gloomy as to the reinsurance business would cause the observer to be accused of being a Pollyanna and offensive. In these days, solvency and success are unfashionable and financial well-being is something to be concealed. Accordingly, conversations with reinsurance men produce the impression that all the afflictions of Job have been visited upon that branch of the business.

Reinsurance is not a booming industry, it is true, following as it must the fortunes of the direct business, but in some respects the fire and casualty reinsurers, at any rate, are distinctly better off today than their clients. That, however, probably cannot be said of the life reinsurers, who show less divergence,

All classes of reinsurance companies are suffering grievously in varying degrees from investment troubles. From that point of view, the reinsurers are in the same boat with the direct companies, of course. So painful have been the losses in that direction, that reinsurance people are inclined to feel that bright spots anywhere else in the picture are insignifi-

Collection Problem Not A Reinsurance Bugaboo

But, there is, for instance, the matter of collections. Agents in distress no doubt would be glad to hear that some of their companies are as slow in remitting to reinsurers as are some agents in remitting to their companies. But, that doesn't happen to be true. Probably never before has the amount of agents' bal-

ances more than 90 days outstanding in the fire and casualty business been greater than it will be at the end of this year. The amount of agents' balances which cannot be included as admitted assets, will be unprecedently large. Relief from the collection problem for the reinsurers is, therefore, relief indeed.

Although the casualty reinsurers have more woes this year than the fire reinsurers, it seems to be true that the casualty reinsurers are more fortunate than the casualty companies in the direct field. For one thing, the casualty reinsurers did not get into the business of guaranteeing real estate mortgages. There are plenty of direct writing casualty companies today who would count investment losses as practically nothing, collections as a trifling annoyance, and underwriting losses in other departments

¬O describe the year 1931 as anything but as a bagatelle, if the specter of their liability cent and more is appalling. So serious does under these mortgage guarantees could be removed. One company is reputed to have guaranteed more than \$100,000,000 of mortgages; another \$75,000,000; another, \$40,000,-000, etc. Just how much of a loss will be involved is extremely doubtful, but it will be tremendously heavy. Obviously, then, the casualty reinsurers have much to be thankful for in that direction.

Better Off from the Depository Standpoint

Furthermore, some of the casualty reinsurers are not in the surety business; others are obligated surety-wise only to a small extent and none are heavily interested in the surety business. Accordingly, the depository bond losses have not constituted such a serious item in most reinsurance offices as they have in many of the direct writing casualty and surety companies.

Surety does not seem susceptible of being handled through usual reinsurance channels, most of the business being divided among the direct companies. It is seemingly impossible to make any kind of a treaty that is satisfactory to both parties, so casualty reinsurance companies are largely escaping depository bond losses, which have been described by one surety executive as a major conflagration every

In the trade operations of casualty reinsurance companies, accident and health is now the most distressing line. The number of accident treaties with a loss ratio of 100 per-

one of the most important casualty reinsurers regard the plight of the accident line that during the year it made the decision to reject accident reinsurance unless it is accompanied by other casualty writings which have been showing a profit. Excess automobile liability, property damage, general liability and burglary are the lines which are welcome to reinsurers.

The casualty reinsurance companies are eliminated pretty largely from workmen's compensation business—and this does not seem to be much of a deprivation—because of the operation of the Workmen's Compensation Reinsurance Bureau, which is made up of practically all compensation writing companies. Each company in the bureau contributes certain of its premiums which are reinvested and the company takes credit for an equity in the compensation pool. Some of the smaller companies do not belong and their business which goes to the reinsurers on an excess basis is desirable.

Casualty Excess Lines Are Still Profitable

Those companies which conduct an excess business with self-insurers for workmen's compensation, liability, etc., report that the business is highly profitable and has not diminished in desirability as a result of hard times. A small minority of the casualty reinsurance companies engage in this business. Some of the reinsurers, which do not have accounts of this kind, advertise that their facilities are open exclusively to insurance companies.

There is some speculation among all classes of reinsurers as to the fate of many of their clients after January 1. Reinsurance companies are interested, not only because failure means loss of a customer, but because of the inevitability of prolonged litigation in connection with moneys owing to the reinsurers when the collapse occurs.

Although unearned premium liability is generally considered to be a prior claim, nevertheless litigation would be inevitable to establish that claim and the collection of balances would be prolonged over a period of years.

The casualty reinsurers are not concerned as to volume. Premium income will probably not be much less than in 1930, but the loss ratios will be excessive.

The fire reinsurers are in the same position as the direct com-

CONTENTS

	1 0	90
Reinsurance Picture Not All Gloomy		1
In Which Tom Donaldson Issues an Invitation		2
Eliminating Bordereau Brings Canned Reinsurance		3
Fire Reinsurance and Depreciation of the Canadian Dollar		4
Can Reinsurers Absorb All the Year End Offerings?		6
Pioneers and Present Leaders in Fire Reinsurance		10
Reinsurers Call for A. & H. Show Down		12
Excess Reinsurance in Suretyship		13
Internal Housekeeping Is Welcomed by Reinsurers		15
Seek Restriction on Issue's Total Limit		16

(CONTINUED ON PAGE 14)

In Which Tom Donaldson Issues an Invitation

Mistake for Men Speaking Same Language Not to Get Together

IN COMPLIANCE WITH MR.

Donaldson's request, THE NA-

TIONAL UNDERWRITER is re-

fraining from saying anything complimentary about him this

year. In printing an article

which Mr. Donaldson prepared for the Reinsurance Number

last year, the editors mentioned

his genial temperament,

his charm as a conversationalist, etc. "If you dare write one

of those glowing introductions,"

Mr. Donaldson now warns, "I'll load a gun and hunt for you. Put

this present mess of potash in the

obituary section. Last year's introduction was awful. Please quit

it." So, to save their hides, the

editors are not this year printing

an encomium of Tom Donaldson's

sterling worth, charity, loyalty, in-

tegrity, industry and undying de-

votion to Pennsylvania Insurance

Day. However, we do commend

Mr. Donaldson's article as being

exceptionally good reading.

ORE than two years ago we, of the fire reinsurance business, were comforted (?) by folk with an obtrusive and know-it-all utterance: "Times are not looking so good for the re-insurers!" There are many people in the world who seem to consider it their duty to stalk into you and say: "My, you've got a boil on your nose, haven't you?" You know the type!

If there has been pronounced mortality, since 1929, in the ranks of fire reinsurers I've not heard of it; and if the fire reinsurance business has been totally smothered by depression, or other terrors, it isn't in evidence when I scan my own company and the households of our worthy competitors. In 1929 the advance of mergers was one thing, but then came a real halt in industrial production, tho' you might keep in mind that stock-on-the-shelves had sunk very low away long prior to the stockmarket crash beginning October, 1929; and building construction was in a flopping and last splurge in 1929. An attempt, of late, to get down to sound values in realty has disclosed that many structures of the Hoop-la Era were hastily erected on visionary rentals and mucilage was used where cement was called for; just as people have found that Fuss & Feathers, preferred, was worth just 13 when it once sold at 13, in spite of the fact that it had been punted-up to 200. "Grief," as it is called, when home office statements are now scanned is grief-in-major due to depression in value of securities but many direct writing companies, and If there has been pronounced mortality, since 1929, of securities but many direct writing companies, and most of the reinsurers, absorb some comfort from the

insurance end of operations despite that decrease in premiums — tho' actual losses may not increase means a higher percentage in loss and expense ratio.

There are no indications (considering all companies not just onewhich may suffer) that the year 1931 will be a year in fire loss record. For one reason—there isn't so much to burn. Where the stock isn't on hand, the losses will not happen. Rather, the fires may start but food for the flames is absent. There are some years when a home office would refuse to insure a stone quarry; but I think the home offices have been com-mendably courage-ous these past two years. "Service" is years. "Service" is and has been im-

proving. Late in October a marked increase in demand for insurance was notice-able in the eastern

centers. Fire insurance is unique in that it is not a single risk business. That is, it isn't all wood-workers, isn't all public utilities. It is a business embracing each and everything insurable and consequently

not to be wiped out—considering the fire business and not unfortunate investments—by marked depressions.

Lazing along in good times, in the fire insurance business, didn't help much when our mentalities were

called upon for help when 1929 brought the days of the dole. In Great Britain it has been a govern-mental function—the dole. In America we call it panhandling, or "town emergency." But, the fire business survives, somehow!

Progress Comes Through Pawning the Future

Whatever optimism I once claimed was squelched when I read an utterance by a famous author; that if you didn't get the things you wanted you would get the things you used to want. Personally, I've never been able to find out what fire insurance (direct writers) executives want, and I know of no ultimate for reinsurers. As you know, reinsurers had been expecting major catastrophies every Monday morning; but I'm not sure that any reinsuring home office ever tried to pile up an immense surplus, to smother a shock before the shock had time to wipe out everya shock before the shock had time to wipe out everything. There used to be a management of Teutonic mentality in charge of a direct-writer in the middle west; a goodly sized company, afterwards taken into the nursery of an eastern fleet. At a directors' meeting one of the bankers—terrible people and, cheerio! soundly discountenanced since 1929—offered that dividends might be cut or passed once in a while so that ample surplus would be on hand in event of a bad year, or two bad years. The dominant executive: "To hell mit dot principle! Spend the dividends vile we hef dem! Some day along comes it losses undt takes der dividends undt eferytink else." It seems to me that the Teuton had the right idea. If you think someone or something is going to ruin you and your business, at once do something you cannot afford to do. Progress never came save through pawning

never came save through pawning the future. Birth control is crepe

for one's past.
You will note—from statistics that expense of conducting reinsurance companies seems to be on the continual increase. Recourse to published charts or digests is all right for a chatty moment, but be a bit wary of taking bare skeleton figures as anything conclusive as to why reinsurance companies are go-ing up in the expense column. Very frequently, as result of the direct writer dealing with its treaty com-pany as if a friend and not a relapany as if a friend and not a relative, the profits are certain, for the direct writer. So, the costs of, say 1930, may actually be increased as result of profits, on 1929 business, being paid to the direct writer—in 1930. On the other hand, the old-timer commission of 30 percent as asked by the direct writer has climbed higher by reason of the direct writers facing greater costs—which is no affair of the reinsurer until and when it is disclosed that the reinsured business is ceded "at a loss" to the direct writer. (Reina loss" to the direct writer. (Reinsurers hear terrible tales of poverty

and distress!)

The serious phase of the past two years has been the very woeful want of capital (call it "cash" if you

please; but it isn't the same) resulting in buyers of insurance being "short" and brokers and agents likewise a bit-er-delinquent. In fact, not a few of the agents and brokers are on the "missing list." It the agents and brokers are on the missing list. It has resulted in retardation in every channel of fire and casualty insurance; and there isn't a worthwhile special agent on the road today who has not had many a heartache viewing the plight—absolutely free from trickery or dishonesty—of hundreds of able and fine producers who have faced the worst blight in



THOMAS B. DONALDSON Associate Manager Eagle Fire of N. J.

insurance careers. After any bank crash 1 think we see more heroism at home than the western front could evince in 10,000 years of war.

Gives Warning of Party For Reinsurance People

Repeatedly I ask of people in the direct writing business and in reinsurance: "Is there anything new?" Well, there has never been much real novelty in fire insurance and the past two years have done nothing—other than to stimulate cancellations. On the other hand, there are most emphatic utterances in the households of our direct writers: "We never before faced so many losses on GOOD risks!" And, it is the fact! And it is not a matter of moral bazard or infaced so many losses on GOOD risks!" And, it is the fact! And it is not a matter of moral hazard or immoral hazard or the mythical "arson ring." (There never was any arson "ring." That is utter nonsense.) Perhaps we can label it solely: "The breaks of the game." It is my idea, in this connection, that we, when underwriting, decide: "We'll take \$10,000 on that plant because it is no more than that amount subject," entirely overlook that dangerous little sidekick of a brave and manly fire; that little annoyance called "smoke damage" which is too apt to loom up on a proof of loss in the shocking way that you get a hotel bill for \$12 per day when you could take oath

on a proof of loss in the shocking way that you get a hotel bill for \$12 per day when you could take oath that the announced rate was \$5.

There are not so very many of us strictly in the fire reinsurance business, but all of us survive. Some of our friendly competitors I know intimately. Others I've yet to meet. I think I'll give warning here of my intention to gather, in near future, all of our specialists around a luncheon table for a "How-dedo?" party. It is a real mistake not to make contact. do?" party. It is a real mistake not to make contact with flesh-and-blood people who are able to talk your language.

As I once before stated in THE NATIONAL UNDER-

WRITER, reinsurance people are a very modest and considerate tribe of brigands. I can prove it!

Double Indemnity Reform

Life reinsurers are gratified at the interest which the direct companies are beginning to take in double indemnity. While the companies are in the mood for house cleaning the reinsurance companies hope that they will revise their methods of writing double

that they will revise their methods of writing double indemnity.

Some life reinsurers say double indemnity is not underwritten from the casualty point of view. They say direct companies are not impressed with the fact that there is danger in giving a man a large life policy together with a large double indemnity benefit. Double indemnity has been regarded as a frill, as sweetening to help the sales force and not as real liability at a small premium.

There is no doubt that many fatalities which appear to be accidents are really suicides.

Even when life people began to measure the amount of insurance which should be issued to an individual by that individual's income, they continue to give double indemnity, putting the individual in the overinsurance class.

insurance class.

insurance class.

Thought should be given to the occupation of the assured, whether it is speculative and likely to produce major reverses whether the assured's total insurance, including double indemnity, is excessive

in relation to his income.

One practice which is frowned upon is carrying double indemnity throughout life. The benefit should terminate not later than age 65 and preferably at age 60. This is true, because accidents beyond age 60 are more likely to prove fatal than before that age.

Eliminating *Bordereau* Brings "Canned" Reinsurance

By W. J. LANGLER

T seems that if there are any adherents to the theory that in unity there is strength remsurance companies are not among them. In these days when common interests most frequently find advantage in meeting in order to secure some unity of purpose necessary for the common good of their branch of business, it is curious to find that no such spirit seems to be active among reinsurance. The foreign origin of the system no doubt played some part in this condition, particularly in view of the fact that until a few years ago the treaty reinsurance business was almost exclusively in European hands, and to get a group of their managers around one table would have been next to impossible. The treaties were sacred and their contents guarded even from the employes. Times have changed nowadays and anybody who wants to take the trouble can find out all he wants to know about companies which have treaties and with whom they have them. The language of the treaties follows along general lines and is well known and the only secret feature is the compensation and anybody knows that where a pool is involved it is extremely unlikely that members are paying varying commissions.

Bordereau One of the Most Important Factors

As a matter of fact, however, none of these things is vital or important except to the company interested and nobody cares much about it or wants to pry into such confidential matters. The points of importance are other than those. The future of the business is what concerns everybody and not the nature of their individual contracts.

individual contracts.

One of the most vital things in the treaty reinsurance business is the bordereau. Faced with the question of expenses ceding companies are repeatedly flirting with the idea of a bordereau prepared from tabulating cards. It is in truth no longer an idea but an accomplished fact. And what a bordereau! If ever the Germans built well they certainly did when they devised the bordereau plan. Splendidly and efficiently it has fulfilled its purpose for several decades—brief but sufficiently eloquent to tell the story as fully as was needed. In exchange for this we are asked to be satisfied with the product of the robot of insurance—the tabulating machine—and the result is "canned" reinsurance.

Mechanical Bordereau Does Not Give Full Data

Here is indeed the parting of the ways. Is this mechanical bordereau a legible document from which one may readily ascertain the essential details of the risks reinsured? The answer is in the negative. Armed with a collection of codes you can decipher certain features, but who the assured is, where he lives, what is insured, is it a reporting form of policy, an excess of loss cover, a periodical adjustment form, a disaster policy or such like—those interesting and necessary details are entirely absent. What direct company would be satisfied with coded daily reports from its agents and skeleton street reinsurance certificates?

Many Reinsurers Care Only for Annual Result

To a certain extent the reinsurance companies themselves are responsible. Failing to concern themselves with the details, ignoring any but the final annual result of the contract, they have led the ceding companies to believe that much of their labor has been unnecessary and any company that does seek to take an intelligent interest in its business is likely to hear, if it questions

an item under a pool transaction, that nobody else has raised the point, which results in invidious comparisons.

Is it worthwhile to have the details and use them in a businesslike manner? The question answers itself emphatically in the affirmative when it is stated by the writer that to his personal knowledge during the past six years as the results of queries additional premiums exceeding \$600,000—and return premiums exceeding \$250,000—have been put through by ceding companies. These figures are not estimates or best recollections but carefully compiled summaries of premium corrections.

Information on Details of Risk Is Important

The details of the risks are important. Does a reinsurer want conflagration covers, tornado excess covers and similar transactions without knowing it? Is it not a businesslike proceeding to see that you get your premium under open cessions, to get your reports under reporting policies, adjustable forms, general cover contracts, etc.? If you are charged with a loss don't you want to know whether it's in the right proportion, pro-rated over all policies, that you had a premium and were bound prior to the loss?

Another angle is the service thus rendered to a ceding company. Capacity is one thing—so are 13, 15 or 17 leaves in a battery—but it needs water and checking up occasionally. The deal doesn't satisfactorily end with a sale alone, neither is a contract improved by neglect. By checking the details an

audit service is provided for a ceding company free of charge that no intelligent executive should fail to recognize.

Unfortunately in the fight for income during the last few years the direct companies have forced their way into the treaty reinsurance field and, seeking something for next to no labor at all, are quite willing to take any kind of a tabloid method of reporting. How long they will stay with it when the business takes an unfavorable turn has yet to be seen.

Opportunity Makes Thief Laxness Creates Abuse

The result of this concentrated practice is now bearing fruit in Europe. Articles in recent foreign insurance magazines reflect bitterness over the results of foreign treaties, pointing out that the practice of waiving details has made it possible for all sorts of irregularities to creep in, little commission loadings, reinsurance for commission sake, unknown liabilities and so forth, until the treaties are regarded askance, to the distinct embarrassment of the ceding companies. Now there are house-cleanings threatened and promised but the damage has been done. No suggestion of deliberate intent is made but it is certain that laxity creates abuse just as surely as opportunity makes a thief.

tunity makes a thief.

Treaty reinsurance business is something by itself—a balance-wheel to reinsurance—and the two should not be combined. The capital and surplus of American treaty companies is a separate financial stronghold and intended for use in time of emergency. Nothing should be done to impair their usefulness by placing them on an accounting basis and

placing them on an accounting basis and turning them into mechanical side-issues. Intelligently handled a reinsurance treaty is of the utmost value to the direct company, which should not seek to reduce to impotence an absolutely indispensable partner.

Should Unite in Resisting Mechanical Trend of Times

Reinsurance companies should unite in resisting this mechanical trend of the times and insist that all reasonable businesslike precautions require the continuation of the long-established, and amply proven, eminently satisfactory practice of furnishing the customary form of bordereau, which anybody can read without the aid of a cipher code. Otherwise the treaty reinsurance business in the United States is fettered hand and foot to the direct companies from which it gets its living, ignorant as to the nature of the transactions in which it shares, cognizant only of the final results—not the master of its destiny, the captain of its soul!



W. J. LANGLER

Like many reinsurance executives, Mr. Langler's experience has been international and he has a world outlook. He was born in London in 1882 and was educated at the London Polytechnic Institute. In I in the London office of the Mu

J. LANGLER, secretary of the Rossia, Metropolitan Fire and Fire Reas-

surance, discusses a vital issue

in reinsurance: He believes that it is part of the business of the

reinsurer to analyze its business instead of merely to review gross results. The Rossia not only believes in this theory but

practices it. An immense amount of detail work is transacted in the handsome home office building of the Rossia in

Hartford, and the officers have

a remarkably intelligent grasp

of their own business and of the operations of their clients.

don Polytechnic Institute. In 1902 he began insurance work as a clerk in the London office of the Munich Reinsurance. From 1910 to 1914, Mr. Langler gained experience in direct fire business through his work for a number of German affiliates of the Munich Reinsurance, his territory being the near and far east.

In 1914 Mr. Langler was transferred to Hartford in the Munich's fire reinsurance department. A year later he was given charge of the Munich's casualty business. When the Munich was taken over by the government in 1918, Mr. Langler joined the Travelers' comptroller's department and in 1918 went to the American Equitable at New York as superintendent of its marine treaty department, being placed in charge of automobile and fire treaty business. In 1924 Mr. Langler returned to Hartford with the Rossia, becoming assistant secretary in 1925 and secretary in 1927.

This Reinsurer Scouts Idea Clients Are Greedy

It is habitual with reinsurers, particularly casualty reinsurers, to regard the direct writing companies as Shylocks, but one casualty reinsurance officer has a much more charitable view.

a much more charitable view.

He says that the direct companies are not unreasonable in their dealings with the reinsurer. He asserts that the direct companies are educated to demand more and more of reinsurers because of some of the "ridiculous propositions" put up to many of the direct companies by some of the casualty reinsurers in their "greed for volume."

The experimental attitude exists to a much greater extent in casualty than

The experimental attitude exists to a much greater extent in casualty than fire insurance and it is not unnatural for some casualty reinsurers to propose

Fire Reinsurance and Depreciation of the Canadian Dollar

By H. ERNEST FEER

Vice-President American Equitable

S a whole, history does not repeat itself. However, for once, through the decline of the Canadian dollar (and the pound sterling), she Canadian dollar (and the pound sterling), she has recreated a situation in the reinsurance market which already had existed after the war. There is, perhaps, this difference in the present case compared with the former one, that the situation arose very suddenly, so to speak over night, after a period of prolonged security. A possible deviation of the Canadian dollar from par was envisaged by very few American insurance companies. It is safe to say that many of them were taken unawares, with reinsurance contracts on their hands, that did not foresee a drop in exchange.

reinsurance contracts on their hands, that did not foresee a drop in exchange.

After the war, foreign exchange questions in reinsurance occupied the attention of courts of arbitration and courts of law in a great many countries. The material is voluminous, but for the present purpose cannot readily be used because much of it deals with marine insurance or reinsurance, where there is the feature of the valued policy. Further, the conclusions arrived at and the decisions rendered were fitted to the jurisprudence of the respective foreign country. Nevertheless, certain principles emerged from these disputes and as such, that is, as principles of reinsurance, may be studied with advantage.

U. S. Companies Write in Canada and Reinsure

The present situation is essentially this: The present situation is essentially this: Many American insurance companies write direct fire insurance in Canada and then reinsure part of such business from their head office in the United States with companies also located in the United States, sometimes facultatively, sometimes by treaty. There is no question that the policy issued in Canada in "dollars" is issued in Canadian dollars. Premiums and losses are payable in Canadian dollars, but what about the reinsurance? The answer lies, of course, to a very large extent, in the reinsurance certificate or treaty. The latter may contain provisions dealing with the

The latter may contain provisions dealing with the question or may be totally silent upon it.

(a) Where the company, although effecting the reinsurance within the United States, especially provides that Canadian dollars shall be the currency of vides that Canadian dollars shall be the currency of the reinsurance, with premiums and losses being paid in Canadian dollars, there is no exchange question. It is reinsurance "in original currency" and as such is by far the safest and most satisfactory method. Perhaps one of the 500,000 laws of the United States or its states prohibits contracts in foreign currencies when both parties are residents of the United States, but pending the discovery of such a law, insurance companies will choose reinsurance in original currency as the most equitable arrangement. The ceding company acquired in Canada a certain insurance rency as the most equitable arrangement. The ceding company acquired in Canada a certain insurance liability, directly measurable in Canadian dollars only. Reinsurance is transfer of liability and by reinsurance in Canadian dollars, the company cedes to the reinsurer the exact share of the liability on the risk. The reinsurer, on the other hand, in loss settlements, and in the same time and in the same pays "pro rata, at the same time and in the same manner." True, the reinsurer assumes an exchange risk, but knowing that the business originated in Canada and having accepted reports (bordereaux) and premium payments in Canadian dollars, he thereby has shown his willingness to accept such risk.

Some Treaties Contain "New York Funds Clause"

(b) Many treaties contain a clause that payments under it shall be effected by "check on New York" or in "New York funds," or words to that effect. I do not believe that such a clause constitutes an agreement to consider Canadian dollars (if the treaty extends to Canada) or any foreign currency at a definite rate of exchange, in the present case at par for the Canadian dollar. It merely indicates the place and medium of payment, not the amount to be paid. In the absence of any other clause, the treaty must be considered as silent on the question of rate of exchange.

(c) The situation is different where the treaty expressly and specifically provides that the Canadian dollar shall be converted at par into United States dollars, losses and premiums being payable on that basis. Under this arrangement, the risk of exchange is assumed solely by the ceding company. If the The situation is different where the treaty ex

Canadian dollar drops between the payment of the premium and the payment of a loss, the ceding company makes on the latter an exchange profit, or, conversely, with a rise in the Canadian currency, it suffers a loss.

Reinsurers, confronted with this situation, have contended that, notwithstanding the clause in the contract, they should not pay on a loss more than the ceding company needs to reimburse its own assured, as the ceding company was not entitled to make a profit on the recovery from the reinsurer. For instance, the claim of the original assured is for 20,000 Canadian dollars, one-half being reinsured. The Canadian dollar having fallen to, say, 86 cents, the reinsurer offers to pay as his share of the loss only 8,600 United States dollars, not 10,000 United States dollars, as called for by the treaty. A case along these lines between a French ceding company (the plaintiff) and an English reinsurer was carried to court and finally decided by the Cour de Cessation, the highest tribunal in France. (v. Dor, VI, p. 248,

The reasoning was along the following lines: "The reinsurance contract contains two distinct agreements, reinsurance contract contains two distinct agreements, viz., (1) the reinsurance cover, and (2) an exchange agreement. Regarding their character and contents these two contracts should be carefully kept apart: firstly, the aleatory reinsurance treaty has the purpose of covering the plaintiffs against loss in connection with the risks they have accepted, on payment of a certain premium; secondly, the exchange contract, which has also an aleatory character, is made in the interest and with the consent of the defendants, to protect them against exchange fluctuations, and to protect them against exchange fluctuations, and passes the risk of the exchange fluctuations on to the plaintiffs. Should the latter enjoy an advantage in consequence, this is not a result of the reinsurance treaty, but rather the exchange contract, which has no connection whatever with the conditions of the policy and the principles of insurance law."

Canadian Depreciation Was Entirely Unforeseen

(d) In the three preceding instances, the reinsurance contract either contained a reference to currency or a clause which at least one party may construe as such. But the usual case arising at this moment in the United States undoubtedly is a treaty or a facultative reinsurance, which has been in force for some time, which contains no mention whatever of the currency or the rate of exchange and on which payments have been made by both parties in United States dollars, calculating the Canadian dollars at par. This was done without forethought or afterthought, merely as a matter of course and convenience. The depreciation of the Canadian dollar has taken the parties unaware, and dissensions are likely to arise

when further losses become due.

The ceding company may advance the theory that The ceding company may advance the theory that payment of the premium in United States dollars at par entitles it to collect losses on the same basis. The reinsurer will probably contend that this procedure would force him to pay more than his exact pro rata share of the true losses of the company, giving the latter a profit on the transaction. Such a profit, from the standpoint of a reinsurer, should not accrue to the ceding company any more than an assured should profit from a loss.

Reinsurance Principles Govern the Solution

To arrive at an equitable solution, it is important to recall that the currency and exchange question was not taken into consideration at the time of conwas not taken into consideration at the time of con-cluding the reinsurance agreement. The problem, therefore, is an entirely new one, arising during the life of the reinsurance. It should be considered primarily with the basic principles of reinsurance in mind, viz., to indemnify, to do towards the ceding company what the latter does toward the original assured, and lastly, to "pay as payable on the original insurance, pro rata with, at the same time and in the same manner." This attitude is particularly applicable to obligatory treaties, but it holds good also for specific reinsurance.

To illustrate, suppose a building in Montreal was insured in March, 1931, when the Canadian exchange was at par, and a part of the line reinsured. A loss occurs in November, 1931, by which time the value of the building, when seen with United States eyes, has become less, through the depreciation of the exchange. Evidently, if the loss payable to the assured, for the purpose of collecting the reinsurer's share, were converted into United States dollars at par, the reinsurer would do more than indemnify would do towards the would do more than indemnify, would do towards the ceding company more than the latter does towards the assured, nor would the reinsurer pay pro rata and in the same manner. From all these angles, the and in the same manner. From all these angles, the arrangement would run counter to the true function of reinsurance. Fundamentally, is the case different from an insurance of wheat, located in a Buffalo elevator and insured in March, 1931, when what was, let us say, 80 cents a bushel? If, by November, 1931, the price of wheat has dropped to 50 cents a bushel, this fact is eo ipso taken into consideration in the loss recovery from the reinsurer. No company will ask the reinsurer to pay its share of the loss valuing the bushel at 80 cents merely because that was the price of wheat at the time of placing the reinsurance.

the reinsurance.

The fact that the ceding company paid the premium in United States dollars may give it the right to claim payment of the loss in the same currency, but it has no bearing upon the amount payable.

Premium in U. S. Dollars Was Not Overpayment

Of greater weight is the argument that the premium, having been converted into United States dollars at par, the loss recovery should be treated in the same way, also convertible into United States dollars at par. This contention, however, is countered by the fact that such a procedure would immediately create within the reinsurance contract a second agreement, namely, a contract on exchange. There agreement, namely, a contract on exchange. There is no evidence that, at the time of entering upon the reinsurance, either party considered this. An exchange agreement, therefore, can not be read into the reinsurance agreement merely because of certain changes in the international currency situation. This is particularly true as reinsurance in itself has nothing to do with currencies or foreign exchanges, but merely with insurance. Further, when paying in March, 1931, the premium at par exchange, the ceding company merely paid to the reinsurer the exact proportion of the original premium, which they were contractually obligated to do. There was no overpayment and in case of loss there is, accordingly, no ground for the company to expect an overpay-

no ground for the company to expect an overpayment from its reinsurer.

The ceding company might still advance another argument. Returning to examples already used, a building in Montreal is insured in March, 1931, for 20,000 Canadian dollars, and half the line is reinsured. At that moment the reinsurer's share is 50 percent. By October, however, the original insurance has fallen, expressed in United States dollars, to \$16,600. The ceding company might contend that thereby the reinsurer's proportion has risen and is now in the reinsurer's proportion has risen and is now in the relation of 10,000 to 16,000 or 60 percent, and that by paying losses in United States dollars at par the reinsurer's payment would merely reflect this rise of

his proportion.

How This Argument Is Answered by Reinsurers

In facultative reinsurance such reasoning might active reinsurance such reasoning might carry a certain force, although the reinsurer can defend himself by stating that this increase occurred without his knowledge or intent and that a reinsurer's burden cannot be increased without his consent. But in obligatory treaties the reinsurer would have still another defense and a much stronger one. Under a first surplus treaty a company has a reinsurable surplus only as and when the original insurance exceeds the net retention. If during the life of the insurance the amount insured shrinks, evidently such reduction merely diminishes the reinsurable surplus. It is not the spirit or meaning of the first sur-plus treaty to let the reinsurer take a portion of the net retention. This would destroy his chief protection. In our example the net retention is fixed at \$10,000, and because in the last analysis net limits

(CONTINUED ON PAGE 14)

REINSURANCE FOR INSURANCE COMPANIES ONLY

Reinsurance Droblems to the oldest casualty company in the States

THE EUROPEAN GENERAL REINSURANCE COMPANY LL

110 William Street New York

Theodore L. Haff United States Manager

Clarence T. Gray Asst. United States Manager

Can Reinsurers Absorb All the Year End Offerings?

By SCOTT HARRIS

Secretary, Joseph Froggatt & Co.

goes without saying that when considering the present problems of the reinsurance business they are found to follow pretty well at least in some relative degree the prob-lems of direct writing companies. In the case of both direct and reinsurance the case of both direct and reinsurance companies the problem of maintaining volume goes side by side with the problem as to how to maintain surplus. This latter problem is only a natural result following general business conditions and nothing need be said about it at

and nothing need be said about it at any great length.

Generally speaking, the fire reinsurance companies appear to have fewer nuts to crack than casualty reinsurers. While the problems of fire reinsurers do not appear to be quite as numerous as those of casualty reinsurers, yet the acceptance of business written below manual or under excess commission arrangements, the question of liability in congested areas of large cities, the concongested areas of large cities, the con-flagration hazard and the constant interference of legislation pointing to reduction of rates are problems of the fire business which have to be carefully considered.

Relief Must Be Obtained On Some Logical Basis

In the matter of holding volume or replacing lost volume the reinsurer is in a somewhat different position than is the direct writing company. Without in any way desiring to foresee undesirable results for any company or any number of companies, it can be quite definitely foreseen that when summing up results for the year there will be a purple. for the year there will be a number which will find themselves in varying degrees of trouble. Relief will be sought and for the good of the business must and for the good of the business must be obtained on some sound logical busi-ness basis. Such relief as may result from the very debatable action of the insurance commissioners in promulgat-ing fictitious security values will be all that will be needed in some cases but there will be other instances, however, where such relief may not suffice. The natural result would be, therefore, that in such instances a reinsurance of the entire business or a large portion thereof will be the first road to follow in looking for surplus increase. There will be instances wherein relatively larger direct writing companies will be pleased to take over the business in force of some take over the business in force of some take over the business in torce of some smaller competitor, hoping thereby not only to acquire a replacement of lost volume with one of profitable quality perhaps but possibly also with the subconscious hope that such step in the end would result in the eliminating of a competitor. Personally, we have to brief to would result in the eliminating of a competitor. Personally, we have no brief to hold for this idea. It would appear, therefore, that there may well be innumerable instances where reinsurers of undoubted strength will be solicited for complete or partial portfolio reinsurance as of the year and as of the year end.

War Period Situation May Be Duplicated Now

Should this prognostication come about the situation of the reinsurer will be one of complete reversal. For, whereas not many months ago competition amongst reinsurers was almost as keen as between direct writing companies and solicitation was the order of the day, the reinsurer can sit back as did the salesman during the war period and accept or turn down orders without moving from his desk. The result of all this would naturally be to put reinsurers in a position of obtaining busi-

ompanies through the reinsurance of its business as of the year end may not meet with general acceptance by rein-surers. The reason for this in many cases will probably be due to the fact that there is being offered only a temporary block of business and not a continuing contract. In order, however, to get relief a direct writing company may very well have to tender as well as the entire or partial reinsurance of all of its business in force, on a continuing basis, a percentage of its business to be sub-sequently written, or some other fairly definitely profitable excess arrangement.

European Companies Have No Advantage These Days

Should this forecast condition regarding surplus relief for annual statement purposes have occurred with financial conditions as they are now in this counbut with financial conditions on a

ness at a lesser commission cost than has been the case in the past.

Of course, this relief to direct writing

have our own. Certainly their security portfolios show no more profit than do those of our domestic companies, usually much less.

much less.

Together with this fact is the matter of exchange as between the United States and foreign countries which has tended to bring facilities based on financial strength of foreign reinsurers and American reinsurers on a more nearly level plane. Since, however, all reinsurance companies, generally speaking, have the same problems of diminishing volume with decreasing surplus followvolume with decreasing surplus follow-ing the reduction of security values, the question presents itself as to the com-bined availability of reinsurance facili-It is not stretching the imagination too far to visualize the possibility of more direct companies' business being offered to reinsurers for necessary relief than could be absorbed by present rein-surance facilities.

This is evident because of the fact that the maximum commissions on the entire or partial reinsurance of business in

eral classifications of such companies as might need or desire relief through reinsurance would have to consider some kind of pooling or amalgamation. True, the larger direct writing companies might well come to the fore and take on might well come to the fore and take on the dress of temporary reinsurance car-riers. These cases, however, would be more apt to result in eliminations be-cause, as stated, the possibilities would be very apparent to the larger direct writing companies of getting rid of com-petitors, who, because of being relatively smaller, or who, suffering from unfor-tunate circumstances, might be unable to weather the storm without this kind of relief.

In the matter of casualty reinsurers the decline in volume suffered has again followed the fortunes of the direct writing companies which in turn have, of course, been a direct result, in most instances, of a downward turn of general business conditions. Generally speaking, however, there is a difference between the casualty reinsurers' fortunes because and the fire reinsurers' fortunes because and the fire reinsurers' fortunes because most casualty lines have not, based on data to date, shown any great improve-ment in loss ratios. As to surety results the less this unpleasant subject is discussed the better everyone is pleased. However, there seems, in this respect, to However, there seems, in this respect, to be an unmistakable trend of reinsurance being given off to the old line direct companies. In other words, there seems to have already become apparent the desirability of keeping this in what might be termed broadly a pool propo-

Saving in Salaries Is a Negligible Economy

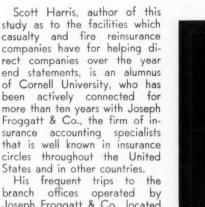
In the matter of economy the rein-The direct writing company can, and in many instances already has, endeavored to cut its overhead by reduction of salaries. To the individual employe this saving based upon the difficulties resulting therefrom to the individual seem enormous. On the other hand, even in the aggregate, for any one company, such cuts do not amount to any material percentage of business written. How-ever, no one has found the secret of being able to cut down the biggest item of cost, namely, commissions, and there the matter stands. Improved methods of physically handling all operations are being given very much more considera-tion at this time than they were in the heyday when "underwriting results could go hang because our investment income will more than make up what we lose from the business which we are actually engaged in."

Undoubtedly there are hundreds of instances where a sizeable percentage of cost could be eliminated by instituting improved methods of handling. These results unfortunately cannot, however,

be obtained overnight. With the reinsurer, on the other hand, the matter of personnel is always such a comparatively minute item that reduction in salary or compensation would not aid materially in helping along profits. It remains, therefore, that the only way clear for cutting expenses and aiding profits for the reinsurer is in the way of commissions. It looks, therefore, as if the immediate future would be one of bargaining between ceders and assumers, for in the offering of any amount of business in force the rate of commission will be of paramount interest and importance to the seller.

If the reinsurers should get to the (CONTINUED ON PAGE 14) With the reinsurer, on the other hand,

(CONTINUED ON PAGE 14)



States and in other countries. His frequent trips to branch offices operated by Joseph Froggatt & Co., located in the principal cities in the United States and his personal visits to the offices of his company's extended clientele have gained for him a large circle of friends and acquaintances in the insurance world.

Mr. Harris takes up a subject that is of immediate concern and is just as interesting to the executives of direct writing com-

SCOTT HARRIS panies as it is to the reinsurers. He is well qualified to discuss the problem and his remarks, being disinterested, but based on intimate knowledge and observation, are valuable.



more solid basis in other countries, particularly the European ones, American reinsurers would be hard put in comparion to the branches of foreign, and particularly European companies. Under present conditions, however, it would seem as if the advantage did not exist, for, while branches of foreign reinsurers have almost always had very sizeable backing, both direct and indirect, in the way of European companies with enormous resources these companies generally speaking, have fared no better than

force will be asked, and in many cases needed in order that such direct writing companies may get the greatest possible direct surplus benefit. The reinsurer would be largely augmenting its un-earned premium reserve, true without reduction in surplus for that reason but at a considerable commission expense. The elastic limit, therefore, of the com-bined surpluses of reinsurers might be reached much sooner than would be anticipated. If such should be the case, it would seem as if in the several gen-

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George E. Turner, President

115 BROAD STREET, HARTFORD, CONNECTICUT

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Reinsurance Company of Hartford
in its day by day relations with its
treaty companies makes a valuable reinsurance connection. We offer companies the advice of men experienced
in direct writing and who also have a
keen perspective of all reinsurance
problems. « « «

Casualty companies will find The First Reinsurance Company of Hartford offers the reinsurance facilities of a company proven by time and thoroughly equipped and seasoned by broad experience.

FIRST REINSURANCE COMPANY CHARTERED IN THE UNITED STATES

Fire Reinsurance

INTERNATIONAL

INSURANCE COMPANY of New York

Statement as of January 1, 1931

Premium Reserve	\$3,828,082.08
Reserve for Unpaid Losses	. 617,153.32
All Other Liabilities	. 320,000.00
CAPITAL STOCK \$1,000,000.00	
NET SURPLUS 2,000,312.45	3,000,312.45
TOTAL ASSETS	\$7,765,547.85
SURPLUS TO POLICYHOLDERS	\$3,000,312.45

SUMNER BALLARD

President

80 JOHN STREET, NEW YORK

Fire Reinsurance

SKANDINAVIA INSURANCE COMPANY

United States Branch

Statement as of January 1, 1931

Premium Reserve	•		•	•		•	•	•	•		\$1,078,171.30
Reserve for Unpaid Losses										•	181,185.91
All Other Liabilities											60,000.00
NET SURPLUS				•	•						877,839.99
TOTAL ASSETS.											\$2,197,197.20

SUMNER BALLARD

United States Manager
80 JOHN STREET, NEW YORK

Reinsurers Call for A. & H. Show Down

URING the year one of the large casualty reinsurers laid down the dictum that it would no longer accept accident and health business unless it received from the reassured other lines, such as automobile liability, general liability, and burglary, which are still profitable to the reinsurer. Most of the casualty reinsurers followed suit, and accident and health treaties were widely

However, a minority has faith that the accident and health business may again become profitable, and is continu-ing to offer reinsurance facilities, using greater discrimination and being more critical. These reinsurers are prepared to help nurse the business back to health. believing that its afflictions can be reme-

Accident and health is the sourcest of the reinsurer's business, with the excep-tion of surety, depository bond losses being a burden on those few reinsurers which do a substantial surety reinsurance business. Losses have mounted in a steady crescendo without any tendency for the curve to flatten out. The re-insurer which took the initiative in can-celing accident and health treaties blames the automobile above all else, especially as it causes the principal sum feature of the accident contract to mature. The experience under those contracts which offer double indemnity for death caused by an automobile has been sickening. Carbon monoxide poisoning, practically all cases of which are suicide that can't

automobile accident and death toll to passengers and pedestrians is increasing steadily.

In addition there is the effect of the depression—malingering, tendency of as-sureds to prolong their disability, wil-lingness to succumb to disorders, which in normal times, would be borne more or less stoically. Ambulance chasers are more active than ever.

The reinsurers which are willing to help nurse the accident business are as painfully aware of its unprofitableness as those which are canceling in more wholesale fashion. But those who are willing to continue with it, believe that the present sacrifice will lead to future profits. They feel that the direct com-panies have come to the point where they will apply severe remedial meas-

Tired of Buying Red Ink for Accident Department

Indicative of the interest of the direct companies in the problem, according to reinsurers who have not bolted the door against accident lines, is the fact that at a recent meeting of the Bureau of Personal Accident & Health Underwriters, presidents of seven companies were present. At that meeting the chief executive of one of the leading multiple offer double indemnity for death caused by an automobile has been sickening. Carbon monoxide poisoning, practically all cases of which are suicide that can't be proved, has cost the accident companies and their reinsurers heavily. The

ing the writing of contracts with the mand other business as a condition to principal sum features and individual companies have increased their rates.

One of the reinsurance companies

takes the position that it is not interested in whether a direct company has other business to offer along with accident and health, but whether it can break even on the accident and health line. This company is willing to spend money in analyzing its accounts, attempting to find causes for unprofitable contracts, and break off seemingly irremediable contracts rather than to retire from the accident and health field.

As an example of how the analysis is conducted, there is the reinsurance treaty which produced a loss ratio greater than 100 percent. Losses under this contract had exceeded income for several years, but the reinsurer decided to make a final investigation before canceling. The reinsurer's first hunch was that the loss might be coming from policies covering railroad employes, of which the direct company issued a great many. These policies were segregated and found to be profitable. Then, the theory that doctors and dentists in a cer-tain state were producing a heavy loss was investigated and discovered to be without foundation.

The conclusion was that the reinsurer had suffered a 100 percent loss ratio because it was not getting enough income from the direct company. The reinsurer felt that it was squarely in line for the big losses and wasn't getting the income from the smaller policies to compensate. Accordingly, as a condition to continuing the treaty, the reinsurer requested that the contract be revised, the direct company either shaving its net retention or by some other process feeding the insurer enough income.

What the reinsurer apparently must do is to make the direct company realize that it can't unload its bad business on the reinsurer and save the gravy for it-

When the movement started to de-

reinsuring accident and health, a number of accident treaties were thrown on the market, especially those of single line accident companies. These single line accident companies. These single line operators are not universally eschewed in reinsurance offices. Some reinsurers would prefer to do business with one of these companies than with a multiple line casualty company. The a multiple line casualty company. The theory is that an exclusively accident and health company must make money out of accident and health or go out of busiof accident and health or go out of business, while the accident department of a multiple line casualty company may show a heavy loss without threatening the existence of the company. One reinsurer makes the statement that he would prefer to tie up with a single line operator and take the chance of him being able to keep alive, because it is such a vital matter.

Even those reinsurers which are pursuing the nursing policy are far from

suing the nursing policy are far from being easy marks for the company with an unprofitable accident and health reinsurance contract to place. Reinsurers of this school will cancel and are refusing new business, unless they are convinced the contract can be repaired.

Some of the reinsurers are beginning to take a hand to prevent the placing of large speculative lines which have caused so much woe. Some of the reinsurers, hearing of a big line being shopped around, advise their treaty companies and ask them to decline to participate. Likewise a treaty company, approached as to a jumbo risk, is asked to advise the reinsurer, which in turn, informs the other treaty companies to be on their guard.

Reinsurers adopted this method of discouraging the writing of jumbo lines, for one thing, because of the danger of for one thing, because of the danger of assuming tremendous liability, by participating on one risk from several sources. It might be a matter of three months before the reinsurer would know of the duplication and could seek to pro
(CONTINUED ON PAGE 15)

REINSURANCE Fire and Allied Lines

By Treaty and Portfolio

GUARDIAN REINSURANCE UNDERWRITERS

OF THE AMERICAN EQUITABLE ASSURANCE COMPANY OF NEW YORK

76 William Street New York, N. Y.

Robert Van Iderstine H. Ernest Feer Managers

THE AMERICAN CENTRAL LIFE INSURANCE COMPANY HAS RENDERED REINSURANCE SERVICE FOR TWENTY-EIGHT YEARS

STANDARD—SUBSTANDARD—JUVENILE
DISABILITY—DOUBLE INDEMNITY

-080----



Pioneers and Present Leaders In Fire Reinsurance

By GEORGE A. WATSON

Associate Editor "National Underwriter"

HOUGH nearly half-a-century has now elapsed since the first fire reinsurance company opened its doors in the United States and its chief executives have long since passed to the beyond, the men of later date who are mainly responsible for the great development of the reinsurance line here, are happily still in active harness; keenly alive to present day happenings and adjusting the affairs of their respective offices to meet ever

their respective offices to meet ever changing underwriting conditions.

Of the stalwarts that dominated the reinsurance field in the early days, A. O. Willcox, West Pollock, William Wood and others are no longer living. Of the three, Mr. Willcox was the outstanding figure; both mentally and physically. He it was that induced the Bavarian Bank of Munich to enter this country in 1897, to be followed by a number of in 1897, to be followed by a number of other companies from various parts of continental Europe; the Willcox office developing into one of the foremost and most successful of its kind.

Mr. Pollock's connection with reinsurance affairs was comparatively brief, the St. Petersburg of Russia, of which he was United States manager withdraw was United States manager withdraw-ing after an experience of some three years. Previously Mr. Pollock had been local secretary of the Niagara Fire, but feeling the urge for a broader field of action decided to enter the then comparatively unoccupied arena of reinsur-

Wood Is Remembered as Manager of Palatine

Manager of Palatine

Mr. Wood, while chief United States representative of the United Fire Reinsurance, of Manchester, the first corporation to open in this country, will best be recalled as the subsequent United States manager of the Palatine; a post he continued to hold until the latter company was purchased by the Commercial Union and since conducted as one of its fleet. Following his retirement from the service of the Palatine Mr. Wood became chief executive of the Merchants of Newark, and when the latter company in turn passed out of the picture via the reinsurance route, Mr. Wood was sent to Canada as an inspector by the Home.

William Ballard, for years prior to the retirement of the United Fire and of its successor the Palatine, an official of each company joined the official staff of the Commercial Union as its resident secretary when the latter purchased the Palatine in New York the connection.

the Commercial Union as its resident secretary when the latter purchased the Palatine in New York, the connection holding until a few years ago, when he withdrew from active business life to enjoy the comforts of a well selected library during winter days, and the delights of an island home throughout the

lights of an island home throughout the summer months.

Mr. Ballard probably knows as much about the history and practice of fire reinsurance, both treaty and facultative, as any living man, and a chat with him upon the subject is a liberal education.

Mr. Ballard's fondness for the fire insurance business was inherited and may be termed a family trait. His father in the long ago was secretary of a New York Citv company; while each of his York City company; while each of his three brothers, Frank, Sumner and E. L. engaged in the line the last two being still in the field.

Frank, who died at a comparatively

early age, was agency superintendent of the Equitable Life; Sumner, internation-ally known, first as a newspaper man and again as a reinsurance company executive, and E. L. as organizer and president and now chairman of the

force prior to 1899, many of these being arranged by British companies on the other side, the great development of the line here dates from 1900, following the admission to these shores of the Munich Reinsurance of Germany, one of the first of the considerable number of the first of the considerable number of German institutions to see the possibilities for profit in fire reinsurance operations and to make an intelligent and vigorous campaign for treaty contracts.

Carl Schreiner, who for several years prior to 1900 had been British manager for the corporation, assumed the United States management as well, when the Munich entered this country, maintain-ing offices both in London and in New York City. Almost coincident with the establishment by the Munich of a United States branch, a radical departure occurred in American fire

George A. Watson of New York City, associate editor of The National Underwriter, who writes about fire reinsurance personalities in this issue, telling something of the prominent figures in the business, may not be the dean of the insurance news gatherers in the east but he is nevertheless a near dean. Mr. Watson has been associated with insurance interests in the east for many years. He is one of the best informed men on fire, casualty and surety lines in the fraternity. There is no one within the range of his acquaintance but who has implicit confidence in his integrity and worth. He has seen companies and men pass in review and has always been a keen and analytical observer of the great events and personalities on the insurance stage.

underwriting practice the effect of which was to greatly enlarge the field for reinsurance; namely the writing of what came to be known as "jumbo" lines. That is, companies that had previously contented themselves with \$5,000 limits on mercantile structures with half that figure upon stocks, accepted the theory of C. C. Little, the then secretary of the old Phenix of Brooklyn, that it was not only safe but distinctly profitable to assume risks of \$100,000 or even more, upon well protected properties; a practice soon made famous by the launchunderwriting practice the effect of which

board of the Merchants Fire Assurance and of the Merchants Indemnity.

While a number of reinsurance treaties covering American business were in force prior to 1899, many of these be-

value few of the orthodox companies cared to follow fully the underwriting method of the redoubtable P. B. they yet went part way, and line limits vastly greater than those previously carried, became the general rule of the business.

Reinsurers Quick to Take Advantage of the Change

This radical departure from earlier underwriting practices proved a golden opportunity for the reinsurance offices, and one they were not slow to take advantage of. While eager to increase premium income the average American manager was a bit fearful as to his liabilities, and as a safeguard carried a number of treaty arrangements; some of the foremost offices having no less than eight or ten each.

Mr. Schreiner, big and brainy, and knowing the reinsurance line as few men of his time understood it, was able to submit attractive treaties to many of the home companies and for years the This radical departure from earlier

the home companies and for years the Munich was outstanding among the re-insurance institutions of the world. This position, though challenged by subse-quent entries into the field, the Munich managed to maintain pretty well, until the outbreak of the world war, when fearful as to what might happen, some of the American companies cancelled their arrangements; all discontinuing such contracts in 1917 when the United States joined the allies.

It is a fine tribute to the esteem in which Mr. Schreiner is held by both British and American company executives, that despite his German birth and sympathies, they yet remained loyal to him throughout the entire period of the nim throughout the entire period of the war and today he is still the same welcome figure in each office that he was in years gone by. And his popularity is deserved, for Mr. Schreiner has ever had the reputation of dealing fairly with his fellows, and in the event of a dispute over a contract clause always gave pute over a contract clause always gave the benefit of the doubt to the direct writing office. Today Mr. Schreiner is president of the Pilot Reinsurance of New York; a modest institution com-pared to the oldtime Munich of prewar days, and yet one furnishing solid pro-tection to its cession offices.

C. F. Sturhahn Started in Office of the Munich

Office of the Munich

Reference to Mr. Schreiner naturally suggests C. F. Sturhahn, head of the Rossia group of fire and casualty reinsurance companies, with offices in both Hartford and New York. Mr. Sturhahn gained his apprenticeship in reinsurance with the Munich, serving as Mr. Schreiner's chief aid in the United States until he secured for himself the post of United States representative of the Rossia of St. Petersburg. Suave of manner, a prince of good fellows and withal an astute underwriter and general business executive, Mr. Sturhahn, in the course of a few years found himself at the head of one of the most powerful reinsurance groups in this or any other country, a position he is likely learn the mainting. It developing his any other country, a position he is likely long to maintain. In developing his business Mr. Sturhahn was aided not a

little by his well-liked brother-in-law major B. N. Carvalho, president of the Fire Reassurance of New York and of several allied corporations. Major Carvalho though devoted to his insurance and general business interests, which were not inconsiderable, promptly enlisted at the outbreak of the war, saw service overseas and came through the service overseas and came through the struggle with a most creditable record. Major Carvalho, like all sensible men, has a hobby, farming; and whenever he can spare the time to visit his extensive Montana ranch he races to it via the girplane route. airplane route.

Though comparatively few men in the reinsurance line, may properly be termed "veterans," as the business itself on this side the Atlantic is of too recent creation to have developed many to creation to have developed many to whom the designation may rightfully be applied, among those associated with it for a number of years as boy and man, is W. Y. Wemple, president of Meinel & Wemple, United States manager of Reinsurance Salamandra and general agents for the Hamburg American, who gained his early insurance knowledge in the A. O. Willcox office and profited through it. He too comes of an underwriting family, having two brothers in the line. Associated with Mr. Wemple in his present managerial connection is F. A. Meinel who prior to entering the reinsurance field was long associated with the London & Lancashire direct writing group, getting his major training under that master underwriter, the late A. G. MacIlwain.

Career of Wm. Scheide Interrupted by the War

For a time William Scheide, who previously had been branch secretary in the United States for the Royal Exchange, was identified with Mr. Sturhahn in developing the business here for the Rossia, but soon withdrew to accept the United States chief representation the Rossia. but soon withdrew to accept the United States chief representation for the Prussian Life. Scarcely had he gained a secure place for the company however, when he was compelled to surrender control of its affairs to the alien property custodian. Despite the loss of this attractive connection Mr. Scheide continued in the reinsurance line, as manager for a Bulgarian fire office, only to lose out a second time when Bulgaria left the middle of the road and linked its fortunes with the central powers in the world war. Mr. Scheide's latest effort was to organize an American reinsur-

its fortunes with the central powers in the world war. Mr. Scheide's latest effort was to organize an American reinsurance corporation; beyond securing a charter for the Beacon Fire, however, apparently little was accomplished.

Few there are in the reinsurance field so well known as Sumner Ballard, and none has a wider acquaintance. While starting his business career as counterman in the old Merchants Fire of New York, Mr. Ballard's great reputation was gained in newspaper work. As editor of the insurance department of the "Commercial Bulletin," subsequently merged with the "Journal of Commerce," Mr. Ballard for many years wielded an influence in insurance circles such as no other newspaper man attained or is ever likely to. Mr. Ballard counted among his intimates most of the leading fire and casualty executives of this country and of Great Britain, and though perhaps it would be an exaggeration to state that he dictated a number of managerial appointments, it is well within the truth to say that few posts of high rank were filled without his being consulted. It was nothing unusual for company chiefs arriving here (CONTINUED ON LAST PAGE)

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Excess Reinsurance in different underwriters and, upon the acceptance of the risk, on the part of from Suretyship

By E. J. DONEGAN

Vice-President State Title & Mortgage Co.

profit primarily in the lower brackets of the coverages which they issue. There comes to my mind a company, with a considerable volume of automobile liability business, which for a number of years retained for its own account the first \$5,000/\$10,000 of liability and reinsured everything in excess of those limits.

In so doing, they strained to the breaking point the principle mentioned. An analysis of their reinsurance account shows that the excess insurer during those years derived a profit of nearly those years derived a profit of nearly \$500,000 on the account, whereas the originating company on its small primary retention reflected a slight underwriting loss. That company today is carrying four to five times the primary liability it formerly retained, to its corresponding profit and, of course, to the loss of the reinsurer.

Only 50 Cents Available For Losses Sometimes

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T is axiomatic in casualty lines that all good underwriters find their profit primarily in the lower brackets the coverages which they issue. The considerable volume of automobility business, which for a number of years retained for its own active the first \$5,000/\$10,000 of liability the first \$5

Consequently, the surety company which facultatively reinsures a million which facultatively reinsures a million dollars in surety premiums during any given year pays to the reinsurer approximately \$700,000 for protection, whereas it has received net for that purpose approximately only \$500,000.

This apparently unbusinesslike arrangement of course is offset by example the course is offse

This apparently unbusinessike arrangement, of course, is offset by exchanges. The company which gives off \$1,000,000 in reinsurance premiums endeavors to obtain at least an equivalent sum from the companies with which it makes these facultative arrangements. An analysis shows, however, that the larger companies usually gives of work. An analysis shows, however, that the larger companies usually give off more business than that which they receive; that on the average, because of their superior underwriting and claim organizations, the business ceded is more profitable than that accepted in return; and finally that both the ceding and accepting company, on either side, through a duplication of effort, have increased their respective costs of administration. Today that originating company is retaining for its own benefit every premium dollar which is consistent with safety and, having fixed a catastrophic loss on any one policy at \$20,000 for injuries to a single person, it is reinsuring only the catastrophe risk.

In my judgment the same principle will some day come to be recognized in surety reinsurance, provided the necessary facilities for excess coverage can business than that which they receive; that on the average, because of their superior underwriting and claim organizations, the business ceded is more profitable than that accepted in return; and finally that both the ceding and accepting company, on either side, through a duplication of effort, have increased their respective costs of administration.

It is difficult to estimate the exact cost of the facultative system to American companies. In many cases it necessi-

tates an expenditure of underwriting ceptance of the risk, on the part of from four to 10 statistical and accounting de-partments. Undoubtedly all good cor-porate underwriters would benefit did there exist adequate and satisfactory ar-rangements for the excessing of surety reinsurance.

reinsurance.

Because excess reinsurance is primarily and basically sound from the point of view of the originating company, its development in the years ahead may reasonably be expected. The great obstacles to its expansion heretofore have been the facts, first, that it was little understood and, secondly, that no arrangements have yet been provided which make such a system primarily and basically sound from the viewpoint of the excess insurer.

basically sound from the viewpoint of the excess insurer.

We saw that the casualty carrier which retained too little of its risk gave to the excess insurer an undue profit. When and as it increased its primary retention, the profits of the excess car-rier shrank, and had the primary com-pany retained as much as \$100,000/ \$200,000 on each risk, obviously the risks exceeding those limits would be so risks exceeding those limits would be so few and the premiums thereon so small that the excess carrier could not provide a reserve sufficiently large to warrant the remote risk of catastrophic loss.

Large Volume Must Be Gathered in One Pool

The same principles applied to surety-The same principles applied to surety-ship indicate that an excess insurer can not chance the risk of a large excess loss unless the premiums developed in the aggregate are sufficiently large not only to justify the hazards incurred but also to yield an investment return com-mensurate with the company's size and importance. It follows that excess in-surance in suretyship can be successfully accomplished only if a very large volume is concentrated in one excess insurer or excess insurance pool. excess insurance pool.

If this concentration of excess pre-



E. J. DONEGAN State Title & Mortgage Co.

miums could be accomplished, both the mums could be accomplished, both the excess carrier or pool and the originating and ceding companies should find the arrangement a profitable one. Some of the advantages which would result to the respective parties are:

To the originating company:

(1) Assuming its underwriting to be

To the originating company:

(1) Assuming its underwriting to be sound, it is enabled to retain by far the greater proportion of all premium dollars received on the larger risks.

(2) The automatic provision for excess reinsurance above a given amount and not exceeding a given amount enables it to authorize instantly the execution of any bond coming within those amounts without the delay and expense necessarily attendant upon the seeking

necessarily attendant upon the seeking of facultative coverage.

(3) It effects a reduction in expense in the handling of claims, since it need treat with the reinsurer only in those

(CONTINUED ON NEXT PAGE)

REINSURANCE

FIRE AUTOMOBILE TORNADO

INTER-OCEAN REINSURANCE COMPANY CEDAR RAPIDS, IOWA

RICHARD LORD, President

ROY E. CURRAY, Secretary

KARL P. BLAISE, Ass't. Secretary

1931

help

Reinsurance Picture Not All Gloomy

(CONTINUED FROM PAGE 1

panies this year in that unusually ex-cessive losses which are predictable in hard times, have not materialized. Losses are above normal and the loss ratio will be high because of the decline in income, but still there is occa-sion for being grateful that the record is no worse. The explanation seems to is no worse. The explanation seems to be that inventories are at such a low level and operators have such heavy obligations that fires are not profitable. On the other hand there has been an unprecedented loss record in the dwelling class, but the fire reinsurers have escaped much of the consequences of this. Dwelling fires are not confined exclusively to properties in the poorer class, but that seems to be the class which has suffered the most. Much of the bad dwelling business is within the net retention of the originating company, so that fire reinsurers are appar-

Can Reinsurance Absorb

All the Year End Offerings?

(CONTINUED FROM PAGE 6)

position where they are having more business offered than can be absorbed,

then there will be open the opportunity of acquiring a profitable portfolio at lesser commission than held true here-

In recent years, to one in the business and yet outside of it, there has appeared one solitary but outstanding difference

between the atmosphere surrounding direct writing companies and that surrounding reinsurance companies. It is unfortunately true that in the case of

ently better off in this respect than are

their treaty companies.

Because the bigger policies have been lapsing and the writing of new policies in the large class has radically slack-ened, the volume of life reinsurers is

sharply this year. Mortality experience of the reinsurers is about the same as last year. In the early part of 1931 mortality was exceptionally heavy, but it quieted down and the reinsurers are complacent on that point. They do notice, however, a large proportion of heart cases, which they feel are brought about by strain and anxiety. Inasmuch as the reinsurers participate in the business of men carrying larger amounts, it is not unnatural that this should be true. The lives in which they are interested are likely to be executives, men with heavy respon-sibilities.

always been noticeable by its absence.

This is no doubt attributable to the fact that in the case of the reinsurer he deals entirely with officials of his cus-tomer companies. On the other hand, the keenness of the competition as car-ried on by direct writing companies' representatives in the field is, no doubt, the cause of this acrimonious comment of one direct-writing company concerning another. There is an apparent sense of wholehearted friendship and appreciation of one reinsurer for another as a worthy competitor, and there seems to be more of the thought there is plenty of business for all and if one has a good customer the other is not going to bother him since there are others just as good direct writing companies very few good words are said by one concerning any other competitor. In the case of reinsurers, however, this tendency has which can be had without having to go into the other fellow's back yard. Whether this will continue or not in the case of any surplus of business which

may be offered to reinsurers is a difficult matter to forecast but it is certainly to be hoped it will continue.

Fire Reinsurance and Drop of Canadian Dollar

(CONTINUED FROM PAGE 4)

of a company are determined by its financial resources measured at its head office, the true value of this \$10,000 are United States dollars, not Canadian dollars. Colloquially speaking, the company was willing to risk 10,000 of its home office dollars on this building. If through the fall in exchange the original insurance drops to 16,600 United States dollars, then the reinsurable surplus be-comes \$6,600 and the reinsurer's interest in the line is as \$6,600 to \$16,600, or about 40 percent, and not 50 percent as originally.
Accordingly, in the case illustrated,

i.e., under a treaty made in the United States, covering Canadian business, and States, covering Canadian business, and under which treaty the parties gave no thought to a possible drop in exchange, it must be held that losses are payable by the reinsurer either in Canadian dolars, or in United States dollars at the rate of exchange prevailing when the original loss was paid.

Of course, the foregoing can apply only to losses now occurring on rein-

only to losses now occurring on reinsurances already affected. For any re-insurance now effected or any further cession now made under a treaty this ignorance of the depreciation can exist ignorance of the depreciation can exist no longer. Such further reinsurance or cessions can be effected and the premium paid in Canadian dollars, or in United States dollars at current exchange, the reinsurance thereby becoming automatically one in original currency. Or the premiums may also in the future be paid in United States dollars at par exchange but the reinsurer. lars at par exchange, but the reinsurer thereby lays himself open to the argument that by acceptance of such premium he agreed to pay losses on the same basis. The relationship then is likely to become the one outlined under

Excess Reinsurance in Suretyship Is Discussed

(CONT'D FROM PRECEDING PAGE) cases where a loss in excess of the primary coverage is indicated. It thus avoids much of the duplication of effort, time and correspondence required on pro rata reinsurance.

To the excess insurer

(1) Again assuming the underwriting of the ceding company to be sound, the excess carrier may safely accept the risks without previous approval. Self preservation is the first law of corpora-tions as well as of individuals, and, if the primary retention be adequate, the excess insurer may assume that its interests are not being jeopardized by the

(2) The excess insurer operates at a minimum of expense. Its cessions are practically automatic, requiring little underwriting review, its claim cost is reduced to a minimum and its accounting and statistical expenses are neglig-ible in comparison with those involved

by facultative reinsurance.

As indicated above, the development of any large excess carrier or excess pool in suretyship hinges upon the possession of sufficient capital to assure protection and the development through a single channel of an adequate volume of premiums to justify the dedication of that capital to the purpose. If it seems that these two obstacles were insuper-able, it is interesting to note that Gen-eral Surety, before its prudent retire-ment last year, had apparently attained

both objectives.

Possessing a capital permitting the assumption of \$1,000,000 on any one risk, it had concluded or was about to conclude arrangements with five of the larger companies for the excessing surety reinsurance.

A certain large surety company, feeling that it was giving off too large a

proportion of its surety premiums, decided that a catastrophic loss on any one surety bond should be fixed at \$75,000. It desired reinsurance in the sum of An analysis of its losses for the five preceding years revealed that the losses in excess of \$75,000 in the first year were nil, in the second year \$60,000, in the third year \$250,000 and in the fourth and fifth years in the aggregate \$277,-000, an average loss per annum, in excess of \$75,000 on any one risk, amount-

cess of \$75,000 on any one risk, amounting to \$117,000.

An automatic treaty was proposed whereby all surety risks, with the exception of certain types, would be automatically covered for \$1,000,000 in excess of \$75,000. The rate suggested, although not finally determined, was 4 percent of the total surety premiums written in the classes covered, subject to a profit-sharing arrangement varying from 25 to 50 percent of the net profits. from 25 to 50 percent of the net profits

Space does not permit a discussion of the very complex factors and calculathe very complex factors and calcula-tions entering into this proposed ar-rangement. Suffice it to say that the ceding company would have been en-abled to write any bond not exceeding \$1,075,000 automatically; that it would have freed itself of the necessity of any administrative cost except that involved by the rendition of a monthly statement of the total premiums written and of notices of claims apt to exceed \$75,000 and that the arrangement would have cost it net approximately 2 percent of its premiums.

The failure to complete these con-tracts by General Surety Company was not due to any lack of interest on the part of primary carriers, but rather to an apprehension of existing conditions and the underwriting losses which they and the underwriting losses which they seemed to invite. Our previous negotiations, however, seemed to indicate that there were a sufficient number of carriers, possessing sound underwriting records, prepared to make similar arrangements or arrangements nearly similar to warrant the dedication of our similar to warrant the dedication of our corporate capital to excess reinsurance. Conditions extrinsic to the business, not of interest, made us hesitate.

Naturally a number of difficulties sug-gest themselves which can not be fully considered here. For example, no excess insurer could afford to accept auto-matic cessions of depository bond business from a number of companies since by so doing it might not only jeopardize its own safety but, indeed, might violate the 10 percent limitation. Hence these bonds were excluded from our treaties but our discussions contemplated a pro-vision for certain sharing arrangements of excluded classes with other companies.

Again, the amount of excess exposure in the arrangement proposed may seem unduly large. This, however, we had provided for through arrangements for automatic retrocessions under three dif-ferent contracts, so that our loss on any one bond could not exceed a prescribed amount. In other words, as to the companies receiving the retrocessions, we would in effect be a primary com-

pany.

The outline of these arrangements which, if fully extended to the companies actually interested, would have involved excess premiums of some millions of dollars, is necessarily sketchy here. Rates, for example, can hardly be discussed in a short article when their actual computation required reams of paper and months of time. On these pany paper and months of time. On these pages it can only be pointed out that excess insurance on surety risks was regarded both by primary companies and by retrocessionaires as of sufficient interest to warrant the drawing, after months of consideration, of five actual treaties.

Since the system is one beneficial to all large companies with sound under-writing staffs and to any large excess insurer or pool which can consolidate within itself the excess risks of those primary underwriters, in my judgment the system of excess insurance will develop tremendously within the next 10 or 20 years.

AMERICAN RESERVE INSURANCE COMPANY

85 JOHN STREET : : NEW YORK, N. Y.

T. B. BOSS, President

A. T. TAMBLYN, Vice Pres. & Sec. J. W. COCHRAN, Vice Pres.

E. L. MULVEHILL, Treasurer

FIRE REINSURANCE

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Internal Housecleaning Is Being Welcomed By Reinsurers

fire insurance, particularly in the matter of adjustments and underwriting, which is prompted by the lean times, is being welcomed in reinsurance offices. Reinsurers are pretty helpless when it comes to influencing the conduct of the business, but when natural forces develop to impel correction of expensive abuses and rectifica-tion of costly laxness, they can sit on the side lines and cheer. They are now uttering amens in appreciation of the in-

ternal housecleaning.

It is observed in most fire insurance offices, that, although business is slack, there is no dearth of work. "We are busier than ever getting nowhere," is a common complaint. The work is largely of an introspective nature. Investigations are being conducted into everyphase of the business. When lines are phase of the business. When lines are lost, someone wants to know the reason. The underwriting machinery is being overhauled. Losses are scrutinized as never before and the loss paying practices, in general, are being criticised and

Results of Pressure May Be Beneficial

This is a time of severe pressure on insurance companies and the reinsurers, as well as the far sighted executives of direct companies, feel that the result will be beneficial. It will bring the minds of executives back to the old style of underwriting, whereunder risks are accepted on the basis of judgment, rather than for agency reasons, reinsurers anticipate. Because of the fact that so many agents are under obligations to their companies, the reinsurers feel that

their companies, the reinsurers feel that
the direct companies now have an opportunity to reform their underwriting
practices. Direct companies, as the reinsurer sees it, are in a position to say
no to an agent, without fear of serious
consequences. Current conditions may
be something of a wholesome purgative.
Indicative of the new interest in adjustments; the sentiment in favor of
making settlements scientifically, strictly
on the basis of the contract, were the
remarks recently of Vice-President
Charles R. Street of the Great American
before the adjusters club of Minneapolis. Mr. Street declared that settlement of a loss on the basis of 101 perment of a loss on the basis of 101 per-cent of the amount to which the assured was entitled, is justification for dismissal of the adjuster.

Find Room for Reform In External Practices

Reinsurers are greatly interested in the work of the Fire Companies Adjust-ment Bureau. Centralized control of adjustments, they feel, will result in subadjustments, they feel, will result in substantial savings, particularly in certain states and sections, where adjustments have been on a decidedly slip shod basis. Reinsurers have been victims of loose claim practices, without being able to protest or propose reforms. On the whole, the strictly reinsurance companies, even in the mad heyday of inflation, never lost sight of the true insurance ball, which is underwriting profit. Accordingly, they did not share the exuberance of being able to make liberal loss settlements with the assurance that their liberality was being more ance that their liberality was being more than compensated in Wall street.

Some officials of reinsurance companies will say frankly, that, although reform has been accomplished and is progressing in these internal practices. much remains to be done as to external practices. By external practices, they

of excess commissions, particularly in excepted cities and on the Pacific Coast, where the agent's remuneration runs as

where the agent's remuneration runs as high as forty percent.

The reinsurers are interested in the commission question because it has a bearing on the cost of the reinsurance contract. When the commission in an excepted city is 35 percent, for instance, the commission which a reinsurance contract. the commission which a reinsurer pays to a treaty company is fixed with the treaty company's obligation to the agent in mind.

Accordingly in recent years acquisi-tion cost has been largely the governing factor in determining the cost of a re-insurance contract. The direct writing companies have pressed for ever higher commissions from reinsurers, contending that a higher scale is needed in order for them to escape loss in the handling of business from excepted cities which is ceded. This contention is an honest conviction.

Excess from Excepted Cities Handled at Loss

Some companies, which have analyzed carefully their business from excepted cities, finding that excess lines are handled at a loss, are discouraging their agents from committing them to the limit of their facilities, urging that they be given no more than their net retention.

In this connection, however, reinsur-ers observe that, although the commis-sion which a direct company gets from the reinsurers may not cover the agency commission and overhead on business commission and overnead on business from excepted cities, there is a profit to the direct company on ceded business from other sections of the country. The excepted city may be considered a peak, but the valleys provide compensation. The general observation is true that the loss ratio is lower in the excepted city than in other sections whereas where than in other sections, whereas where

the acquisition cost is low, losses are

higher. If the excepted city situation were modified, the cost of reinsurance con-tracts to the reinsurer would undoubtedly be adjusted downward. The direct writer would get less for its ceded business, because its acquisition cost would be less. In that eventuality the loss ratio would be the primary considera-tion in the price of a reinsurance con-

Change Quietly Hoped for In Reinsurance Offices

Modification of excepted city arrangements is a change, which many reinsur-ers are quietly hoping for. They are not, of course, lobbying for it, any more than they lobbied for loss reform or closer underwriting, but they would be happy if circumstances forced a change.

Another condition, which may be classed as external and which many reinsurance executives regard as an evil, is the general cover contract.

General cover contracts, as generally written today, are not acceptable to many fire reinsurance offices. A certain amount of this business cannot be escaped by the reinsurance company, but often it is refused, and under the conditions of many treaties, it can be turned down without caretains. turned down without argument

The opinion is generally held by re-insurance executives that the rate for multiple location floaters is inadequate and that the forms are lax. Even the rate which has proved unprofitable is not always sustained.

It must be said, however, that general

cover business, is not distasteful to all reinsurers. There is the school of underwriting that regards the treaty as a whole and if it is generally profitable, there is little attempt to criticise the in-dividual cessions. This school would say that if the general cover business of a direct company is sour, the entire

underwriting judgment of that company is suspect. Therefore, the reinsurer of that school would be skittish in the consummation of a treaty with that com-pany. If the direct company is a good underwriter in one department, the chances are that it is a good underwriter throughout, according to this theory. Moreover, if the company was a good underwriter in certain departments and a poor underwriter in others, reinsurers with this viewpoint, would be inclined to fear that the good departments would

to fear that the good departments would be likely to deteriorate.

The reinsurers have no quarrel with the principle of the general cover contract. They recognize its logic. They appreciate that there is a practical need for it by proprietors of substantial values at many locations. They recognize that insurance is obliged and should exercise its ingenuity to provide proper facilities for its buyers.

But the reinsurers on the whole do

But the reinsurers, on the whole, do not propose to lend themselves to the cut-throat competition in the general cover field; they feel that the companies have abandoned good underwriting and rate practices and loss is the inevitable result.

If proper forms were employed and If proper forms were employed and rates were adequate, general cover business would be attractive to reinsurers in this country. Here again, however, the reinsurers, because of their delicate relation to the business, because they fear interference or the making of suggestions would be suicidal, are confined to silent prayer. So long as reinsurers can refuse to assume that liability, they are not going into the red on account of it, but they are losing out because a it, but they are losing out because a large part of the excess on general cover ines is placed across the water, largely at London Lloyds. The direct companies can get facilities and are not impelled to reform for lack of carrying

Of course, there are signs of correc-Of course, there are signs of correction. Formation of the Insurance Executives Association has cleared the atmosphere greatly. Competition is decidedly less vicious than earlier in the year. The National Union, under the administration of President John M. Thomas and Vice-President Harry A. Yates, is engaged in a housecleaning program, which is having a salutary effect on the business as a whole. The craze for volume is giving way to a decraze for volume is giving way to a desire eventually for an underwriting profit, although immediately perhaps for as small an underwriting loss as possible.

Call for A. & H. Show Down

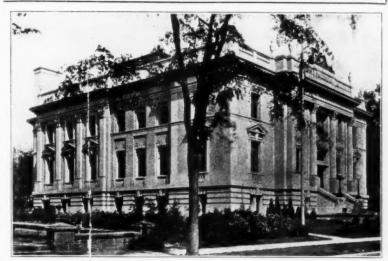
(CONTINUED FROM PAGE 10)

tect itself through retrocession arrange-The evil of the speculative large risk is being overcome.

risk is being overcome.

Some of the casualty companies are reported to have discontinued reinsuring accident and health business because of the high commissions which they have to pay general agents. If a direct company pays 35 percent commission to a general agent for accident business, the company wil have to shop many a day to get more than that commission from a reinsurer. Accordingly, if the business is reinsured for 35 percent commission, the direct company loses. Some of the casualty companies found it was unprofitable to reinsure accident and health profitable to reinsure accident and health at that figure and that they would be better off if they reduced their authori-zation to agents.

HOME OFFICE OF THE ROSSIA



In this handsome structure in Hartford, the affairs of the Rossia group, whose fire reinsurance activities are the largest of the American reinsurance companies, are conducted. Carl F. Sturhahn is president. He has surrounded himself with executives of the first order and the Rossia is strong in man power as well as

B. N. Carvalho is president of the Fire Reassurance and the Metropolitan Fire of New York, the other fire reinsurers in the Rossia group. G. E. Turner is president of the First Reinsurance, the casualty carrier in the Rossia office.

Other leading executives in the group are Clarence A. Rich, G. E. Jones, W. H. Ford, Rodney Hitt, T. B. McDermett, W. S. Waddy and W. J. Langler.

Seek Restriction on Limit of Issue

THIS being a year in which the development of formulas is popular in the life insurance business, it is not unnatural that life reinsurers should be thinking in those terms. It will be recalled that the newest life insurance formula, which has been informally worked out by some of the eastern companies and is more or less adhered to as a phase of underwriting reform, has to do with the relation of earned income to the amount of life insurance a person should be permitted to carry.

What the reinsurers are specifically

What the reinsurers are specifically interested in is the proper ratio between the limit of retention of the originating company and its limit of issue. In other words, how much reinsurance should a company be permitted to secure as compared with its retention limit? The subject has been broached in meetings of the conference of life reinsurers, with the result that two well defined schools of thought have been articulated.

One school contends that for the protection of the originating company, as well as for the protection of the reinsurer, and for the good of the business as a whole, the ratio should be held down, 5 to 1 being put forth more or less arbitrarily as a basis for discussion. Those in favor of a 5 to 1 ratio contend that the total amount of reinsurance which the producing company should be permitted under all of its reinsurance treaties or through optional arrangements should be no greater than five times the amount it retains.

Some See No Harm in Abundant Facilities

On the other hand, there are those reinsurers who can see no harm in offering abundant reinsurance facilities. They believe that the insured who comes to the reinsurance department is the same assured who might have come to the direct writing department if through agency channels and is just as desirable or undesirable, depending on individual circumstances, to either department. (Of course, discussion on this basis is among those reinsurers who constitute departments of direct companies.) They say that it is only by chance that John Jones is applying for \$100,000 of insurance, for instance, through the Utopia Life, which gets its reinsurance from the Vanguard Life, rather than to the Vanguard Life itself. He is the same John Jones.

There are also those reinsurers who say that he is not the same John Jones. By that they mean that the Vanguard Life doesn't know as much about John Jones if he comes through the Utopia Life as it would if he came directly to the Vanguard. This, they contend, is especially true if the Vanguard is a large company, accustomed to handling large cases through agency channels, with underwriting and claim departments experienced in dealing with big risks, and if the Utopia is a small company, to which a large risk is a novelty. According to this theory, the agents of the Utopia don't do the same underwriting, its examiners don't have the same background as the agents and examiners of the Vanguard in connection with the large case. Furthermore, if the policy of John Jones should mature under unsual or suspicious circumstances, the claim department of the Utopia is not qualified to make the same investigation as the claim department of the Vanguard.

Accordingly, reinsurers of this conviction hold that reinsurance of a tremendous amount for one company based on a small retention is dangerous. Every company in the sound development of its business, they say, needs reinsurance,

HIS being a year in which the but it doesn't need more than a certain development of formulas is popular amount. For its own protection it needs

a limit of issue.

Without any curb on its limit of issue, the originating company is likely to be led into bad habits, these reinsurers feel. It is likely to be tempted into sensational advertising by bidding for jumbo lines and for sensational producers. There are many smaller companies, whose agency force contains one or two stars or a small handful of them. In the past these stars have been featured at agency conventions and if their business were made up of million dollar cases, or hundred thousand dollar cases, they have been wont to mention these coups. At one agency convention, for instance, a producer in the million dollar ranks, advised that when an agent is being given a slice of a large risk, other agents also getting slices at the same time, that the smart producer should hasten to inform his company, so that it could get reinsurance ahead of the other agents and their companies.

That sort of thing is what the reinsurers have in mind when they advocate limitation of issue. They feel that, perhaps the originating company may not like the business which the sensational agent produces, but that it is eager for reinsurance facilities so that it may retain the sensational agent as an advertiser. This, some of the reinsurers believe, is poor advertising, and is likely to attract to that company agents of bad

judgment.

Gives Opportunity for Unsound Development

By offering unlimited facilities, the reinsurer, according to this theory, is giving a company an opportunity and a temptation for unsound development of its business, which constitutes a potential failure. Carrying this argument to its conclusion, reinsurers of this opinion would say that these potential failures are dangerous to the insurance business as a whole, since it is to the interest of every company that there shall be no failures.

The interest of reinsurers in this subject is in keeping with the times. There is a great movement in the life insurance business to get back to sound underwriting standards. There is an almost universal appreciation of the fact that in the period of inflation life insurance under-

writing was not free from speculation. Men in speculative enterprises were insured for large amounts. Income disability was written more or less indiscriminately and for excessive amounts. There has been a tendency to open up the question whether double indemnity has been properly written and adequately charged for.

Perhaps life insurance is bending backwards in revising its practices. Thousands of producers would say so. But perhaps the housecleaning could not be accomplished by the tapering off process.

At any rate, indicative of present day sentiment is the tendency of some reinsurers to question the theory that because a company is able financially to handle million dollar risks coming from its own agents, that it should be able to handle million dollar risks where the direct company—to take an extreme example—keeps only \$10,000. Reinsurers who are questioning that theory make the statement that reinsurance is a contract of indemnity covering the first company in its loss beyond a certain amount. They say that it is a contract of good faith and the reinsurer has to depend entirely on the ability of the

Definition of a Fire Reinsurer Is Given

One of the important executives of a fire reinsurance office gives this definition of a reinsurer:

"A reinsurer," he says, "is a silent non-competitive partner in carrying out the liabilities that must be assumed to give adequate fire protection."

company it reinsures. One test of the ability and good faith of the direct company is its retention limit. When a company can retain \$10,000, they say, it is deserving of \$10,000 reinsurance confidence on the part of a single reinsurer, but it is not deserving of \$100,000 reinsurance confidence.

Pioneers and Present Leaders

(CONTINUED FROM PAGE 12)

from abroad, to visit Mr. Ballard before seeing their American branch manager. Wholly in the confidence of the lead-

Wholly in the confidence of the leaders in the business and with an intimate knowledge of underwriting affairs, it was not unnatural that Mr. Ballard should leave newspaper work for the more profitable calling of an insurance executive, and this he did in 1918, accepting the presidency of the International of New York, and the United States management of several foreign reinsurance institutions as well.

To occupy his spare moments Mr. Ballard serves as secretary of the National Board of Fire Underwriters; entertains royalty and royally, and altogether is an outstanding figure in the business and social life of this great city.

E. G. Snow, Jr., son of the late president of the Home, was active in the reinsurance arena for some years as representative here for Swiss and German companies, but deserted the business to take up the sale of bonds; an effort in which he is credited with having attained no little success.

Another once prominent figure in reinsurance ranks, whose career was terminated when Russia overthrew the czaristic regime and set up the Soviet form of government, was Paul E. Rasor, erstwhile secretary of the German-American (now Great American), and

later United States manager of the Magdeburg, and still later leading representative here of several Russian reinsurance companies. At last accounts Mr. Rasor was living at one of the prominent clubs of New York, but no longer has any direct concern in insurance affairs.

Of those who embarked in the reinsurance line in later years and who are still going strong, are: F. W. Fort, who directs the affairs of the Baltica and other companies and is active in public life, a former congressman from New Jersey; his energetic chief aid T. B. Donaldson, former insurance superintendent of Pennsylvania, and incidentally, one of the most effective state officials ever to have held the post; and Rodney Davis, who directs the destinies here of the Prudentia Reinsurance, of Switzerland. Mr. Davis' intimate knowledge of hazards was gained through his early experience as a rating inspector and again as a special agent, in days when field men had to know pretty much all that was to be known in connection with their business.

Prominent among the other fire rein-

Prominent among the other hre reinsurance underwriters of this country who have contributed substantially to the upbuilding of the business are the officials of the Fester, Fothergill & Hartung group of companies; the management of the General Alliance combination and of the T. B. Boss fleet. In addition are the executives of a number of individually operated companies, as well as several institutions allied with strong direct writing corporations, both British and domestic, and restricting

as well as several institutions affect with strong direct writing corporations, both British and domestic, and restricting their treaty contracts thereto.

Richard Lord, president of the Inter-Ocean Reinsurance of Cedar Rapids, Ia., has made a large number of acquaintances among insurance companies and insurance people since he entered insurance. Dr. Lord has had an interesting career and became connected with insurance through the life insurance companies. He is an M. D., receiving his degree from the University of Minnesota and Rush Medical College. He started his insurance career as medical director of a life company. Then he became associated with fire and casualty insurance in an executive capacity. He was elected president of the Inter-Ocean Reinsurance in 1920. Dr. Lord is a native of Minnesota, having been born at Mantorville. Being of a studious nature he has gone into the ramifications of insurance and studied the possible service that his company can render the business.

DOMINANT INSURANCE FIGURE

Sumner Ballard is one of the great figures in fire insurance. He knows the human side of the business probably as no other man. It would be true to say that he has a social rather than a mechanical conception of the business. He knows how things are actually done and can be done as distinguished from how things are supposed to be done. He has a charming manner and his long list of affiliations is divided about equally between business and club, recreational and society connections.

Mr. Ballard is president of the International and is United States manager for the Scandinavia and New India. He is a director of many direct writing companies, including the National Surety, American Eagle, United States Fire, National Liberty and Baltimore-American.



SUMNER BALLARD

REINSURANCE FIRE AND CASUALTY

ROSSIA INSURANCE COMPANY OF AMERICA

THE FIRE REASSURANCE COMPANY OF NEW YORK

METROPOLITAN FIRE INSURANCE COMPANY OF NEW YORK

THE FIRST REINSURANCE COMPANY OF HARTFORD

115 BROAD STREET, HARTFORD, CONN.

JOSEPH FROGGATT & COMPANY, INC.

Specialists in All Branches of Insurance Accounting Consulting Actuaries and Auditors

Home Office: 74 Trinity Place, New York City

FINANCIAL STATEMENTS AS OF DECEMBER 31, 1931

Under present conditions companies in general are somewhat concerned as to the preparation of the Annual Statements at the end of the current year. It is advisable to anticipate the situation and to make preparations during the next two months.

Our experience may be valuable to you in this connection. We are familiar with all features of a company's operations and with the preparation of its Annual Statements.

We shall be glad to confer with you by appointment.

JOSEPH FROGGATT,
President.

CHICAGO Insurance Exchange Bldg. NEWARK Globe Bldg. NEW ORLEANS Union Indemnity Building PHILADELPHIA
Liverpool & London & Globe Bldg.

BOSTON
Insurance Exchange Bldg.

SAN FRANCISCO Insurance Exchange Bldg. LOS ANGELES Financial Center Bldg.

International Re-Insurance Corporation

(Casualty)
(Incorporated in Delaware)

Balance Sheet—June 30, 1931

	ASSETS
\$1,042,136.80 1,397,770.96 212,087.88 78,994.91	CASH IN BANKS PREMIUMS IN COURSE OF COLLECTION ACCOUNTS RECEIVABLE ACCRUED INTEREST RECEIVABLE SECURITIES (at market): United States Government bonds\$ 474,500.00 State and municipal bonds\$ 843,676.97 Corporate stocks and bonds\$ 4,407,258.00
5,725,434.97	Total securities LOANS: Secured by collateral. 283,856.80 Secured by real estate mortgages. 1,006,200.00
1,290,056.80	Total loans
252,350.00	book value of \$603,764.75, less company's portion of encumbrances, \$351,414.75)
\$9,998,832.32	TOTAL
	LIABILITIES
\$ 400,463.74 150,000.00	ACCRUED COMMISSIONS, TAXES, AND OTHER LIA- BILITIES DIVIDENDS PAYABLE RESERVES: Unearned premiums .\$2,559,705.74 Reserve for losses . 2,546,618.15
5,106,323.89	Total reserves
	CAPITAL STOCK AND SURPLUS: Capital stock—authorized, 300,000 shares of \$10.00 each; outstanding, 150,000 shares 1,500,000.00 Surplus
4,34 2,044.6 9	Total capital stock and surplus
\$9,998,832.32	TOTAL

CERTIFICATE

International Re-Insurance Corporation:

We have examined your accounts as of June 30, 1931; we have verified the loans and collateral held thereunder, the possession of the securities owned, and confirmed the cash balances by certification of the depositaries. The loss reserve appears to be conservatively stated, and

WE HEREBY CERTIFY that in our opinion the above balance sheet sets forth your financial condition at June 30, 1931.

Los Angeles,

August 19, 1931.

HASKINS & SELLS

International Re-Insurance Corporation

CARL M. HANSEN, President

Home Office Pacific Finance Building Los Angeles, California

84 William Street, New York, N. Y.

76 King William Street London, England